Palm Beach County, Florida
Department of Airports

Financial Report
September 30, 2025

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RSM US LLP

Independent Auditor's Report

Honorable Board of County Commissioners
Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Palm Beach County, Florida Department of Airports (the Department), a major enterprise fund of Palm Beach County, Florida (the County), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department, as of September 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Palm Beach County, Florida, as of September 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the Department has adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the year. The adoption of this statement resulted in the restatement of October 1, 2023 balances reported for compensated absences payable and net position.

Our opinion is not modified with respect to these matters.

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Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Department's proportionate share of the net pension liability for the Florida Retirement System Pension Plan (FRS) and Health Insurance Subsidy Pension Plan (HIS), schedules of contributions for the FRS and HIS plans, and schedule of changes in total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2026, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
April 17, 2026

Management's Discussion and Analysis (Unaudited)

The following Management's Discussion and Analysis (MD&A) of the Palm Beach County Department of Airports' (the Department) activities and financial performance provides the reader with an introduction to the financial statements of the Department for the fiscal years ended September 30, 2025 and 2024. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements including the notes thereto which are essential to a full understanding of the financial statement data. In addition to the financial statements and accompanying notes, this section presents certain supplementary information regarding debt service requirements and a schedule of Department payments to other governmental units for goods and services.

Airport Activities and Highlights

Fiscal year 2025 results showed a 3.7% increase in enplanement (departing passengers). Enplanement for the fiscal year totaled 4,302,248.

Fiscal year 2024 results showed a 10.1% increase in enplanement (departing passengers). Enplanement for the fiscal year totaled 4,148,609.

The following table shows a summary of various activities:

	2025	2024	2023	2022	2021
Enplanements	4,302,248	4,148,609	3,768,705	3,262,870	2,137,960
% Change	3.7%	10.1%	15.5%	(2.7)%	1.5%
Air Carrier Operations	66,216	63,452	56,916	51,620	41,312
% Change	4.4%	11.5%	10.3%	(4.3)%	1.8%
Landed Weight	5,062,595	4,805,406	4,278,075	3,835,445	3,032,890
% Change	5.4%	12.3%	11.5%	(2.0)%	0.3%
Cargo Tons	33,958	28,647	30,328	30,559	31,155
% Change	18.5%	(5.5)%	(0.8)%	5.2%	5.7%
Parking Transactions	712,314	710,297	682,724	614,539	374,448
% Change	0.3%	4.0%	11.1%	(16.6)%	(11.4)%

Financial Operations Highlights

Financial impacts are highlighted as follows:

Changes Between 2025 and 2024:

- In 2025, non-airline operating revenues were significantly more than the prior year with expenses being relatively stable compared to the prior year. COVID funding increased to further offset the Department's expenditures. All of these positive outcomes generated additional net revenue for the Department and as a result, reduced the final fees to Signatory Airlines.

- In the rate making calculation, significant revenue gains were achieved in various non-airline revenues including parking, which increased partly due to an increase in parking rates during FY 2025, terminal concessions, car rental concessions, taxi/TNC, other real estate revenues, and investment income. Passengers traffic increased by 3.9% for the fiscal year, driving volume increases in various concession revenue categories, however it should be noted that increased passenger traffic does not necessarily cause an increase terminal revenues or landing fee revenues. Airlines kept their preferential leasehold areas intact with no square footage increases during the year. Landing operations did increase slightly but the lower landing fee rate offset those gains.

- Investment earnings increased by $2,793,533 (21% increase) for a total of $15.95 million. Investments are managed by the Clerk of the Circuit Courts under County approved guidelines.

- Compared to the prior year, operating expenses increased 9% or $5.8 million. Contracted Security costs increased by 6% for a total cost of $11.2 million. Contracted Fire Rescue Services cost increased by 11% for a total cost of $9 million.

Changes Between 2024 and 2023:

- Compared to the prior year, operating revenues increased to $95.8 million (an increase of $5.2 million). Revenue increases were primarily driven by increased passenger growth in the areas of parking, other concessions, Airline terminal rent, and car rental concessions. Cumulatively, ground transportation revenues accounted for $41 million of revenue.

- Investment earnings increased by $2,515,157 (24% increase) for a total of $13.16 million. Investments are managed by the Clerk of the Circuit Courts under County approved guidelines.

- Compared to the prior year, operating expenses increased 3% or $2 million. Contracted Security costs increased by 5% for a total cost of $10.5 million. Contracted Fire Rescue Services cost increased by 3% for a total cost of $8.1 million.

The change in net position for fiscal year 2025 totaled approximately $82 million; the change in net position for fiscal year 2024 totaled approximately $61.3 million. Certain 2024 amounts have been restated due to the adoption of GASB Statement No. 101 Compensated Absences (GASB 101).

	2025	(As Restated) 2024	2023
Operating revenues	$ 94,832,462	$ 95,821,755	$ 90,635,891
Operating expenses	69,460,885	63,703,363	61,668,152
Operating income before depreciation and amortization	25,371,577	32,118,392	28,967,739
Depreciation and amortization	29,112,930	26,227,277	25,505,871
Operating (loss) income	(3,741,353)	5,891,115	3,461,868
Other nonoperating income (expenses), net, including capital contributions and transfers	85,911,513	55,440,816	43,358,375
Change in net position	$ 82,170,160	$ 61,331,931	$ 46,820,243

Financial Position Summary

Net position may serve over time as a useful indicator of the Department's financial position. The Department's assets and deferred outflows exceeded liabilities and deferred inflows by approximately $768 million at September 30, 2025, and $686.4 million at September 30, 2024.

	2025	(As Restated) 2024	2023
Assets:			
Current and other assets	$ 469,052,827	$ 335,279,564	$ 319,901,922
Capital assets	563,515,678	491,521,872	452,176,385
Total assets	1,032,568,505	826,801,436	772,078,307
Deferred outflows of resources	3,217,710	3,605,096	3,298,149
Liabilities:			
Current and other liabilities	52,667,252	27,490,224	26,301,979
Long-term debt outstanding	166,489,903	66,899,500	70,107,458
Total liabilities	219,157,155	94,389,724	96,409,437
Deferred inflows of resources	48,021,530	49,579,438	52,764,846
Net position:			
Net investment in capital assets	484,283,355	425,138,740	382,431,759
Restricted	82,093,567	78,618,384	79,369,571
Unrestricted	202,230,608	182,680,246	164,400,843
Total net position	$ 768,607,530	$ 686,437,370	$ 626,202,173

A significant portion of the Department's net position each year (63% at September 30, 2025) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Department uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Department's net position (10.7% at September 30, 2025) represents restricted assets that are subject to external restrictions on how they can be used under bond resolution covenants and Passenger Facility Charge regulations. The remaining unrestricted net position (26.40% at September 30, 2025) may be used to meet any of the Department's ongoing obligations.

Financial Position, 2025 Versus 2024

Increase in current and other assets by $133.8 million in 2025 relates to the increase in cash and cash equivalents due to the issuance of Series 2024 Bonds, the construction of new capital assets and improved net position. Unrestricted cash and cash equivalents increased by $7.49 million; liabilities increased by $124.8 million due to the issuance of Series 2024 Bonds in fiscal year 2025. Total net position increased by $82 million over the prior year.

Financial Position, 2024 Versus 2023

Total assets increased by $54.7 million in 2024 due to the construction of new capital assets, improved cash position and improved net position. Unrestricted cash and cash equivalents increased by $16.8 million; liabilities decreased by $1.8 million. Total net position increased by $61.3 million over the prior year.

Signatory Airline Agreement

The Department and Signatory air carriers operate under a negotiated Signatory Airline Agreement (the Agreement) which establishes how the Signatory Airlines (Airlines) will be assessed rates and charges for the use of Palm Beach International Airport (PBIA). The Agreement serves as the basis for calculating landing fees, terminal rental rates, baggage and gate equipment charges and apron fees taking into account costs associated with the operation, maintenance and debt service of the airfield and terminal. Landed weight and rentable square footage serve as the units for landing fees and terminal rents, respectively. Under the current Agreement, airfield revenues are credited towards the Airline's net requirement (residual rate setting methodology.) The terminal cost center expenditure requirements are wholly payable by airline rents (compensatory rate setting methodology.) The Department also has the ability under the Agreement to adjust airline rates and charges at any time throughout the year if the Department determines a rate adjustment is required resulting in an increase of 10% or more. This ensures the Department is in a position to meet all financial requirements of the Bond resolution regarding debt service coverage requirements.

The Department, effective October 1, 2019, is operating under a five-year agreement covering fiscal years 2020 through 2024, which was extended through September 30, 2026. All "Signatory Airlines" are defined earlier as "Airlines" under the prior agreement, which terminated September 30, 2019, have elected to continue with a new five-year signatory agreement, effective October 1, 2019. Signatory Airlines, as of September 30, 2020, include: JetBlue, Delta, American, Southwest, United, Bahamas Air, FedEx and UPS. The table below shows landing fees and terminal rates net of revenue sharing distributions for fiscal years 2022, 2023, 2024 and 2025.

	2026 Projected	2025	2024	2023	2022
Signatory landing fee (per 1,000 lbs MGLW)	$ 1.72	$ 1.00	$ 0.70	$ 0.75	$ 0.45
Signatory airline annual terminal rate (per square foot)	82.90	43.74	31.89	35.49	23.02
Revenue from airlines (in thousands)	37,913	32,983	29,406	28,363	23,413
Baggage handling system fee per bag	1.82	1.60	1.66	1.88	1.52
Enplanements (in thousands)	4,376	4,223	4,148	3,768	3,262
Airline cost per enplanement (passenger airlines)	6.35	4.01	3.32	3.75	3.06
Landed weight of commercial aircraft	4,967	4,897	4,805	4,278	3,835
Signatory airline terminal leasehold area (square feet)	171,922	178,023	170,721	171,014	165,245

Factors Impacting the Airline Sector and PBIA Traffic

At PBI, fiscal year 2025 total passenger traffic was up by 3.9% compared to fiscal year 2024 with more than 8.5 million total passengers for the year. Fiscal year 2025 seat capacity increased 5.0% and total aircraft operations decreased 5.6% over fiscal year 2024.

Management anticipates a continued moderate growth in passenger traffic and seat capacity in 2026 as PBI continues to work closely with our airline and tourism partners to support efforts to stimulate demand and enhance service through increased frequencies and service.

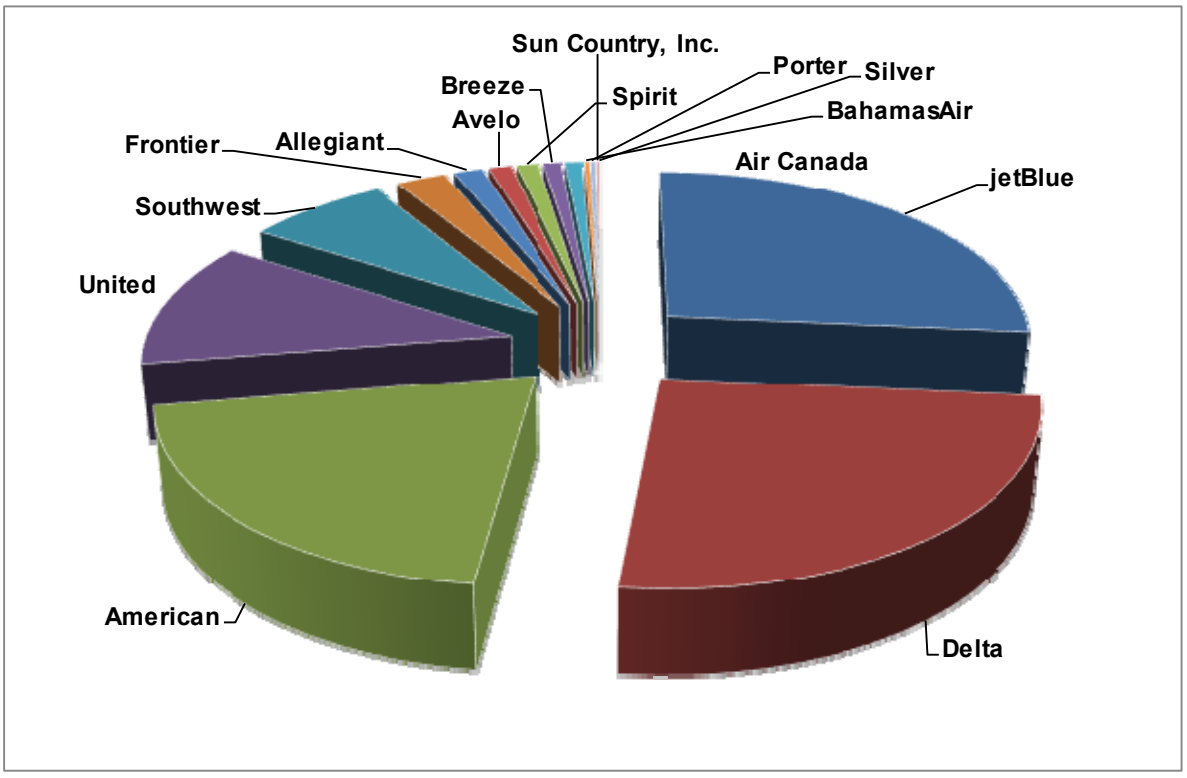
Service changes announced for fiscal year 2025 include:

New routes:

1. American Airlines – New York-La Guardia (LGA)
2. JetBlue Airways – Buffalo (BUF) (Seasonal) (Service has since ended)
3. JetBlue Airways – Islip (ISP)
4. Frontier Airlines – Atlanta (ATL)
5. Frontier Airlines – Cleveland (CLE) (Seasonal)
6. Frontier Airlines – Cincinnati (CVG) (Seasonal) (Service has since ended)
7. Frontier Airlines – Chicago-O'Hare (Seasonal) (Service has since ended)
8. Allegiant Air – Grand Rapids (Seasonal)
9. Breeze Airways – Akron/Canton (CAK)
10. Breeze Airways – Norfolk (ORF) (Began as year-round, now seasonal)
11. Breeze Airways – Richmond
12. Porter Airlines (new carrier) – Toronto-Pearson (Seasonal)
13. Southwest Airlines – Nashville
14. Southwest Airlines – Orlando
15. Southwest Airlines – Providence (PVD) (Seasonal)

Airline Market Share and Passenger Information

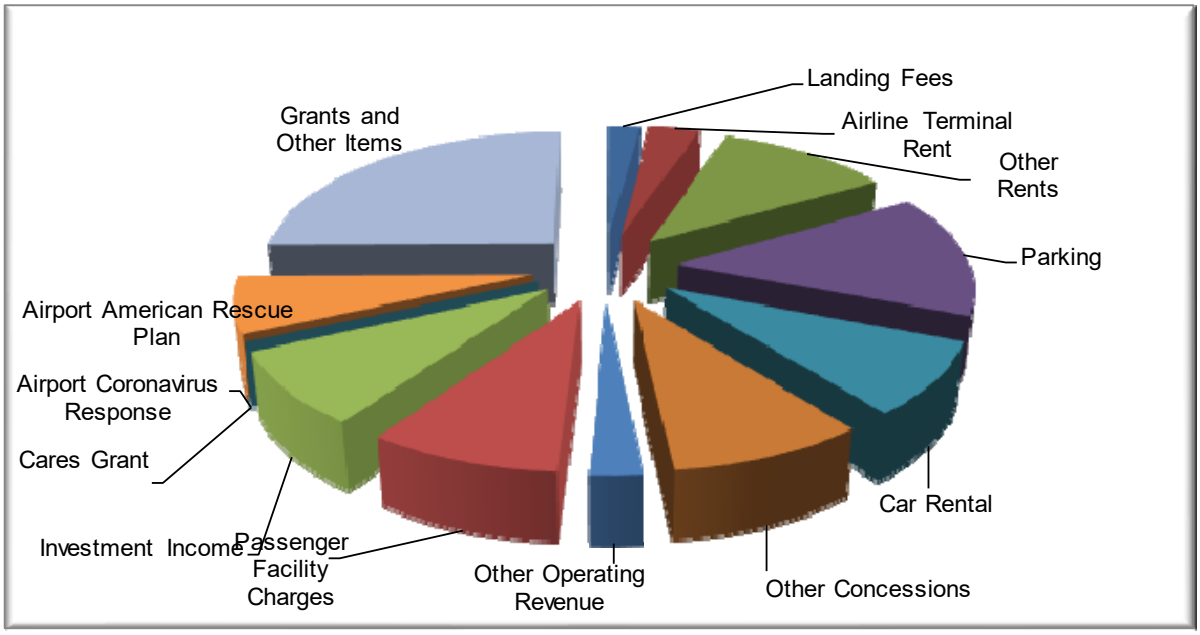
Total passenger traffic (enplaned and deplaned) is presented below for fiscal year 2025 by airline, showing market share at PBIA and comparisons to fiscal year 2024:



	2025	Change From 2024	% Change From 2024
jetBlue	2,273,919	182,230	9%
Delta	2,175,252	29,607	1%
American	1,762,781	144,939	9%
United	999,837	38,409	4%
Southwest	618,507	3,335	1%
Frontier	216,183	(76,823)	(26)%
Allegiant	126,151	16,678	15%
Avelo	99,545	(8,132)	(8)%
Spirit	98,763	(49,359)	100%
Breeze	77,311	44,435	135%
Air Canada	73,079	12,074	20%
BahamasAir	20,627	187	1%
Porter	20,024	20,024	100%
Sun Country, Inc.	14,909	(7,921)	(35)%
Silver	-	(25,448)	(100)%
Total	8,576,888	324,235	3.9%

Revenues

The following chart and table summarize revenues for the fiscal year ended September 30, 2025:

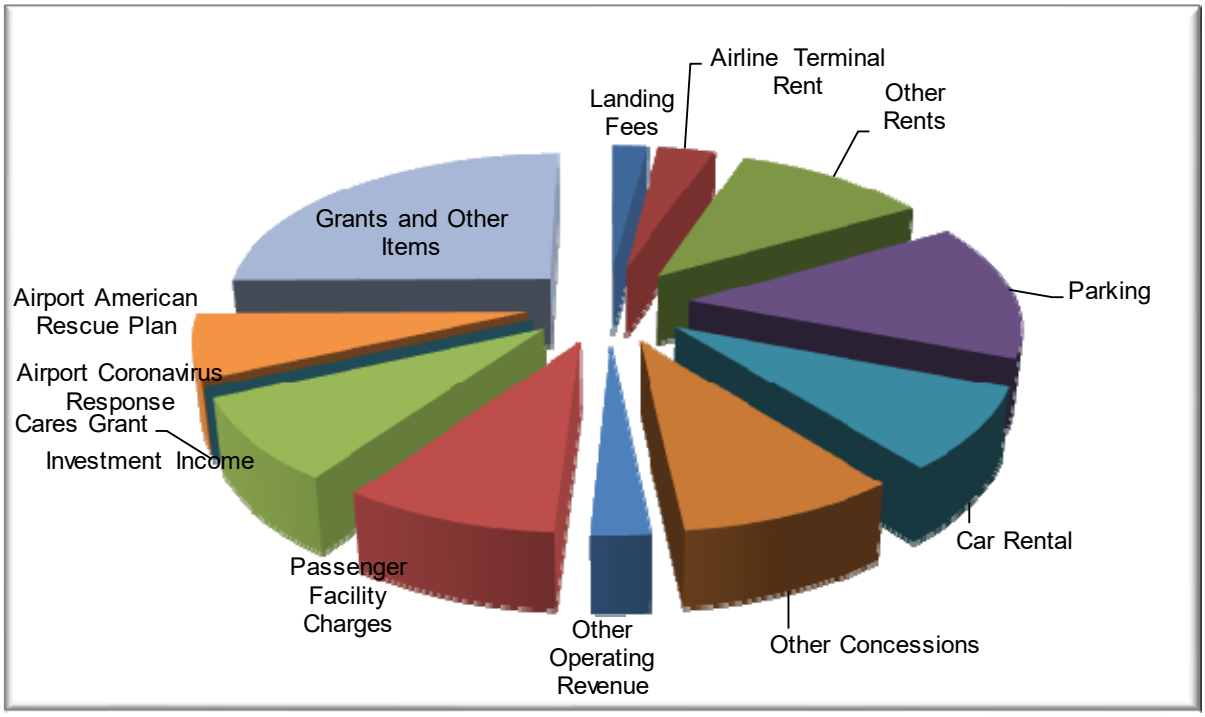


Signatory terminal rental revenue/landing fees declined due to a decrease in final terminal rental rates/landing fees for FY 2025. The decrease in rates to Signatory airlines is a function of the Airline-Airport agreement whereby a percentage of net revenues for each year offsets the costs of operating the Terminal/Airfield cost centers.

	2025	Percent of Total	Change From 2024	% Change From 2024
Operating revenues:				
Landing fees	$ 3,744,946	2%	$ (1,889,613)	(34)%
Airline terminal rent	6,101,537	3%	(4,639,334)	(43)%
Other rental revenue	21,194,311	11%	2,237,020	12%
Parking	26,633,724	15%	3,022,132	13%
Car rental concessions	15,733,913	8%	380,865	2%
Other concessions	16,977,028	9%	(21,277)	(0)%
Other operating revenue	4,447,003	2%	(79,086)	(2)%
Total operating revenues	94,832,462	50%	(989,293)	(1)%
Other sources:				
Passenger facility charges	16,593,930	9%	1,315,150	9%
Investment income	15,958,726	9%	2,793,533	21%
Cares Grant	-	0%	(1,716,953)	(100)%
Airport Coronavirus Response	-	0%	(1,204,734)	100%
Airport American Rescue Plan	12,349,539	7%	513,862	100%
Grants and other items	46,925,109	25%	29,983,294	177%
Transfers in	-	0%	-	0%
Total other sources	91,827,304	50%	31,684,152	53%
Total revenues	$ 186,659,766	100%	$ 30,694,859	20%

Revenues (Continued)

The following chart and table summarize revenues for the fiscal year ended September 30, 2024:

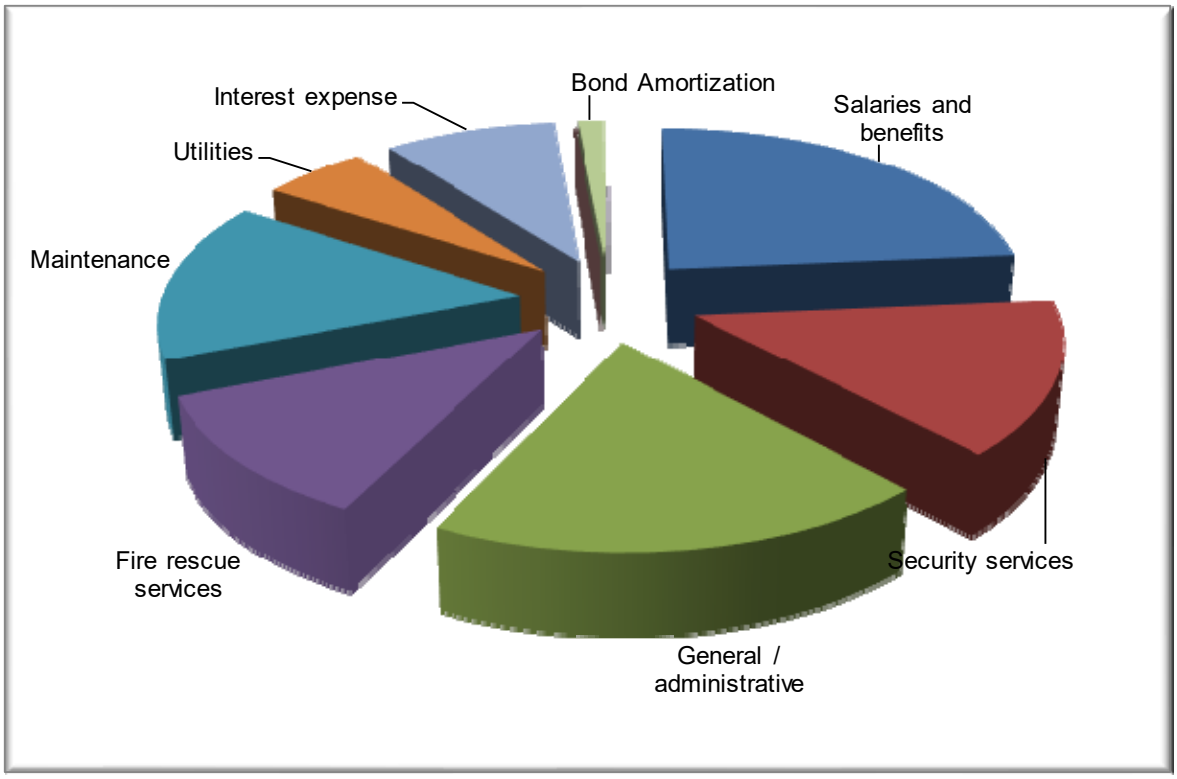


	2024	Percent of Total	Change From 2023	% Change From 2023
Operating revenues:				
Landing fees	$ 5,634,559	4%	$ 466,823	9%
Airline terminal rent	10,740,871	7%	121,137	1%
Other rental revenue	18,957,291	12%	712,502	4%
Parking	23,611,592	15%	2,623,861	13%
Car rental concessions	15,353,048	10%	(199,823)	(1)%
Other concessions	16,998,305	11%	1,409,666	9%
Other operating revenue	4,526,089	3%	51,698	1%
Total operating revenues	95,821,755	62%	5,185,864	6%
Other sources:				
Passenger facility charges	15,278,780	10%	350,142	2%
Investment income	13,165,193	8%	2,515,157	24%
Cares Grant	1,716,953	1%	(3,560,414)	(67)%
Airport Coronavirus Response	1,204,734	1%	(3,899,000)	(76)%
Airport American Rescue Plan	11,835,677	7%	10,716,253	957%
Grants and other items	16,941,814	11%	8,882,807	110%
Transfers in	-	0%	(30,004)	(100)%
Total other sources	60,143,151	38%	14,974,941	33%
Total revenues	$ 155,964,906	100%	$ 20,160,805	15%

Landing fees totaling $5.6 million increased by 9% and airline terminal rent totaling $10.7 million increased by 1% due to increased cost to the airlines. Other rental revenue totaling $18.9 million increased by 4%. Concession revenue from parking, car rental and other concessions totaling $55.9 million increased by 7.4% because of increased passenger traffic.

Expenses

The following chart and table summarize expenses for the fiscal year ended September 30, 2025:

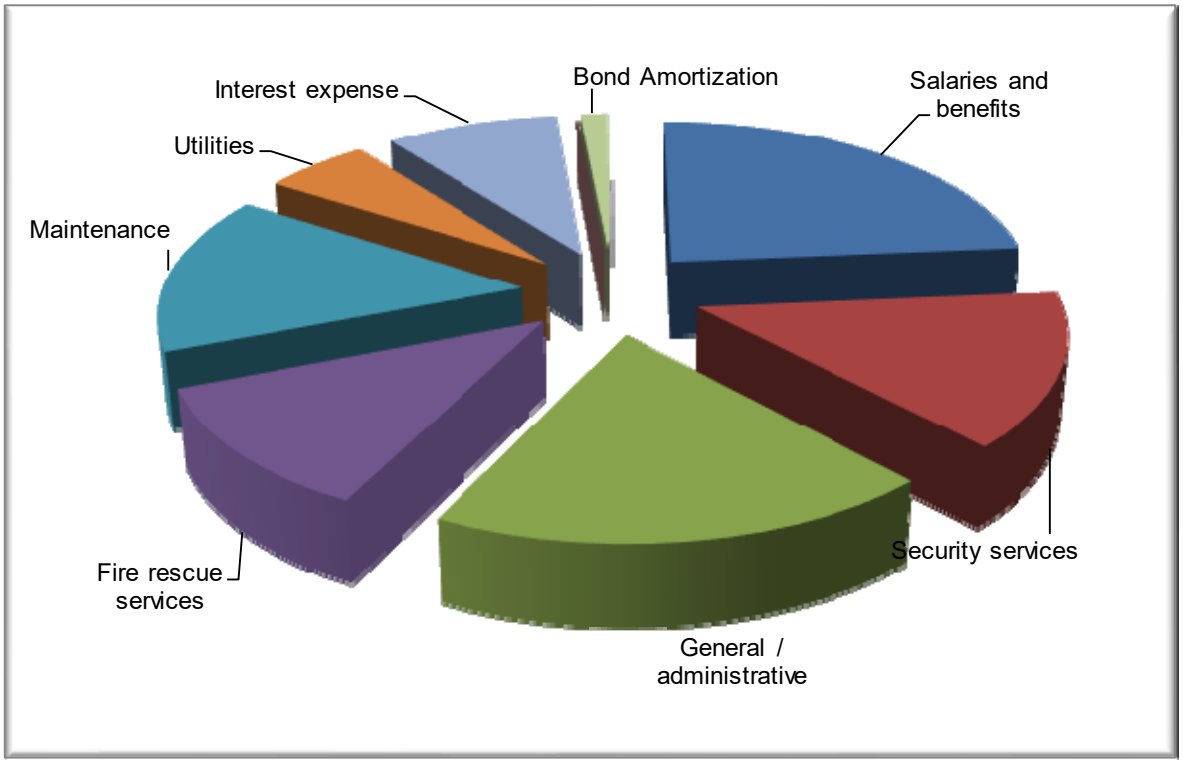


	2025	Percent of Total	Change From 2024	% Change From 2024
Operating expenses:				
Salaries and benefits	$ 18,204,869	17%	$ 1,386,419	8%
Security services	11,228,435	11%	661,333	6%
General/administrative	14,960,214	14%	2,964,847	25%
Fire rescue services	9,087,059	9%	900,845	11%
Maintenance	11,694,564	11%	(117,897)	(1)%
Utilities	4,285,744	4%	(38,025)	(1)%
Total operating expenses	69,460,885	66%	5,757,522	9%
Depreciation and amortization	29,112,930	28%	2,885,653	11%
Nonoperating expenses:				
Interest expense	6,933,913	6%	4,460,909	180%
Bond amortization and other expenses	(1,078,465)	-1%	(3,254,696)	150%
Transfers to other county funds	60,343	0%	7,243	14%
Total nonoperating expenses	5,915,791	5%	1,213,456	26%
Total expenses	$ 104,489,606	99%	$ 9,856,631	10%

Expenses (Continued)

Compared to the prior year, operating expenses increased 9% or $5.7 million. Contracted Security costs increased by 6% for a total cost of $11.2 million. Contracted Fire Rescue Services cost increased by 11% for a total cost of $9 million. Certain amounts in 2024 have been restated due to adoption of GASB 101.

The following chart and table summarize expenses for the fiscal year ended September 30, 2024:



	(As Restated) 2024	Percent of Total	Change From 2023	% Change From 2023
Operating expenses:				
Salaries and benefits	$ 16,818,450	18%	$ (416,448)	(2)%
Security services	10,567,102	11%	468,413	5%
General/administrative	11,995,367	13%	195,802	2%
Fire rescue services	8,186,214	9%	258,625	3%
Maintenance	11,812,461	12%	1,677,025	17%
Utilities	4,323,769	5%	(148,206)	(3)%
Total operating expenses	63,703,363	68%	2,035,211	3%
Depreciation and amortization	26,227,277	28%	721,406	3%
Nonoperating expenses:				
Interest expense	2,473,004	2%	(114,496)	(4)%
Bond amortization and other expenses	2,176,231	2%	3,006,996	362%
Transfers to other county funds	53,100	0%	-	0%
Total nonoperating expenses	4,702,335	4%	2,892,500	160%
Total expenses	$ 94,632,975	100%	$ 5,649,117	6%

Compared to the prior year, operating expenses increased 3% or $2.1 million. Contracted Security costs increased by 5% for a total cost of $10.5 million. Contracted Fire Rescue Services cost increased by 3% for a total cost of $8.1 million.

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three fiscal years. Cash equivalents include cash on hand, bank deposits and highly liquid investments with an original maturity of three months or less:

	2025	2024	2023
Cash flows provided by operating activities	$ 31,962,906	$ 29,474,018	$ 24,212,155
Cash flows provided by investing activities	15,958,726	13,165,193	10,650,034
Cash flows provided by noncapital financing activities	12,289,196	11,920,692	11,768,883
Cash flows provided by (used in) capital and related financing activities	67,708,158	(43,587,500)	(21,494,129)
Net change in cash and cash equivalents	$ 127,918,986	$ 10,972,403	$ 25,136,943
Cash and cash equivalents:			
Beginning of year	261,683,756	250,711,353	225,574,410
End of year	$ 389,602,742	$ 261,683,756	$ 250,711,353

Capital Acquisitions and Construction Activities

During fiscal year 2025, the Department expended $101.1 million on capital activities. Completed projects during fiscal year 2025 totaling $47.2 million were transferred from construction-in-progress to their respective capital accounts. The major projects that were completed fiscal year 2025, are as follows:

LNA RWY 10-28 Rehabilitation	973K
PBIA Misc Drainage Repairs	1 million
LNA Perimeter Fence	1.4 million
LNA Pavement Redevelopment	1.7 million
PBIA CCTV Camera Improvement	2.5 million
PBIA Storm Hardening	3 million
PBIA BHS Carousel	4.8 million
PBIA Twy R Rehabilitation	4.9 million
PBIA 400HZ	8 million
PBIA Terminal Escalator	10 Million

During fiscal year 2024, the Department expended $65.1 million on capital activities. Completed projects during fiscal year 2024 totaling $27.2 million were transferred from construction-in-progress to their respective capital accounts. The major projects that were completed fiscal year 2024, are as follows:

NC Runway Rehab & repair 8R-26L	433K
PBIA Terminal FIS Expansion	521K
PBIA Fire Pump	599K
PBIA Domestic Water Valve Replacement	648K
PBIA New Terminal Roof	1.3 million
PH Rehab Runway 17/35	3.1 million
PBIA James Turnage Bridge	3.1 million
PBIA Chiller 4 & 5	5.4 million

In general, acquisitions are funded using a variety of financing sources, including Federal Grants, State Grants, Airport revenues, Passenger Facility Charges and Revenue Bonds. See Note 3, Capital Assets, in the financial statements for additional information.

Long-Term Debt

The Department had outstanding long-term debt of approximately $153.5 million and $51.9 million as of September 30, 2025, and 2024, respectively. Both amounts are net of any current maturities, unamortized premiums or unamortized discounts. The following table reflects the debt activities that occurred during fiscal year 2025:

Revenue bonds:	Balance at October 1, 2024	Additions	Reductions	Balance at September 30, 2025	Due Within One Year
Series 2016	$ 49,105,000	$ -	$ 2,775,000	$ 46,330,000	$ 2,915,000
Series 2024A	-	24,190,000	-	24,190,000	720,000
Series 2024B	-	74,560,000	-	74,560,000	2,215,000
	$ 49,105,000	$ 98,750,000	$ 2,775,000	145,080,000	$ 5,850,000
Less current maturities				5,850,000	
Long-term portion				139,230,000	
Add unamortized premium				14,238,452	
Total				$ 153,468,452	

The following table reflects the debt activities that occurred during fiscal year 2024:

Revenue bonds:	Balance at October 1, 2023	Additions	Reductions	Balance at September 30, 2024	Due Within One Year
Series 2016	$ 51,750,000	$ -	$ 2,645,000	$ 49,105,000	$ 2,775,000
	$ 51,750,000	$ -	$ 2,645,000	49,105,000	$ 2,775,000
Less current maturities				2,775,000	
Long-term portion				46,330,000	
Add unamortized premium				5,610,479	
Total				$ 51,940,479	

See Note 5, Revenue Bonds Payable and Long-Term Obligations, in the notes to the financial statements for additional information.

Credit Ratings

The Department's credit ratings currently stand at: Standard and Poor's AA-, Fitch A+ and Moody's Investors Service A1; all agencies reported a stable outlook for the Department. Generally, the rating agencies cited the Department's strengths to be strong debt coverage, robust liquidity, relatively low cost per enplanement, diversified air carrier mix and a diversified revenue stream. Rating agencies noted a mitigating weakness in the form of competition from other area airports. Potential investors are urged to read the full reports issued by the respective rating agencies.

Passenger Facility Charges

The Department, as of September 30, 2025 and 2024, had a total collected balance of $357,685,115 and $338,843,818, respectively, in Passenger Facility Charges (PFC) Revenues, including interest on PFC cash balances, since the inception of the program in April 1, 1994. The Department has capital expenditures from PFC sources totaling $311,283,361 and $292,464,910, respectively, over the same time period. As of September 30, 2024 and 2023, the Department was authorized to collect $405,413,322 in PFC revenues. The Department is authorized to collect $4.50 per enplaned passenger per FAA policy.

Economic Factors, Fiscal Year 2025 Budget and Airline Rates

- Compare to prior year, PBIA experienced a 4.4% increase in air carrier flight operations as of September 30, 2025. The increase in air carrier capacity resulted in an increase in variable revenue streams that are tied to passenger traffic, such as airline operational activity fees and revenues generated by passenger activity, such as car rentals and other airport concessions.

- The Department's fiscal year 2026 operating expense budget total $90 million not including Interfund transfers and reserves, which represents an increase of 8.8% from the prior year budget. Pursuant to County requirements, contracts must be fully budgeted even though actual expenses are likely to be less; therefore, the Department expects actual expenditures for fiscal year 2026 to be approximately $80.1 million. Operating revenues are budgeted at $96.5 for fiscal year 2026.

- The fiscal year 2025 terminal rates averaged $43.74 per square foot; landing fees were $1.00 per 1,000 lbs. of landed weight. The fiscal year 2024 terminal rates averaged $31.89 per square foot; landing fees were $0.70 per 1,000 lbs. of landed weight. Airline cost per enplanement (CPE) in fiscal years 2025 and 2024 was $4.01 and $3.32, respectively. Management believes these CPE rates to be among the lowest in the State of Florida. Rates and cost per enplanement are stated net of estimated revenue sharing payouts to signatory airlines.

Request for Information

This financial report is designed to provide a general overview of the Department's finances. Questions concerning the information provided in this report can be addressed to Debbie Duncanson, Deputy Director of Airports, Finance and Administration, Palm Beach County, Department of Airports, Palm Beach International Airport, Building 846, West Palm Beach, Florida 33406 or email at dduncanson@pbia.org. Additional business information and statistics for the Airport can be viewed and downloaded at the Department's website: www.pbia.org.

Palm Beach County, Florida Department of Airports

Statements of Net Position
September 30, 2025 and 2024

	2025	(As Restated) 2024
Assets		
Current assets:		
Pooled cash and cash equivalents	**$ 188,150,173**	$ 180,655,885
Nonpooled cash and cash equivalents	**700**	700
Restricted pooled cash and cash equivalents	**-**	270,585
Restricted cash with fiscal agent	**112,500,172**	3,989,704
Accounts receivable, less allowance for doubtful accounts of $308,431 and $308,431 in 2025 and 2024, respectively	**4,045,989**	4,093,610
Lease receivables	**1,745,951**	1,700,531
Government grants receivable	**17,899,200**	10,419,474
Due from other funds	**-**	105,507
Inventories	**2,713,874**	2,579,514
Other current assets	**1,598,709**	1,792,399
Total current assets	**328,654,768**	205,607,909
Noncurrent assets:		
Lease receivable	**48,969,541**	50,715,492
Restricted assets:		
Pooled cash and cash equivalents	**31,940,635**	26,658,347
Nonpooled cash and cash equivalents	**57,011,062**	50,108,535
Accounts receivable	**2,476,821**	2,189,281
Total restricted assets	**91,428,518**	78,956,163
Capital assets:		
Land	**124,940,855**	124,940,855
Construction in progress	**169,036,523**	97,240,177
Depreciable capital assets, net of accumulated depreciation	**269,538,300**	269,340,840
Total capital assets	**563,515,678**	491,521,872
Total noncurrent assets	**703,913,737**	621,193,527
Total assets	**1,032,568,505**	826,801,436
Deferred outflows of resources:		
Pensions	**2,607,950**	2,940,078
OPEB	**311,558**	317,742
Loss on revenue bond refunding	**298,202**	347,276
Total deferred outflows of resources	**3,217,710**	3,605,096
Total assets and deferred outflows of resources	**$ 1,035,786,215**	$ 830,406,532

(Continued)

Palm Beach County, Florida Department of Airports

Statements of Net Position (Continued)
September 30, 2025 and 2024

	2025	(As Restated) 2024
Liabilities and Net Position		
Current liabilities:		
Accounts and contracts payable	**$ 37,429,212**	$ 19,137,896
Compensated absences payable	**780,628**	752,948
Unearned revenue	**3,089,017**	2,596,225
Due to other funds	**218,800**	152,399
Due to other governments	**639,113**	-
Current portion of SBITA liability	**147,641**	153,874
Due to component unit	**1,278**	-
Other current liabilities	**588,549**	436,593
Total current liabilities	**42,894,238**	23,229,935
Current liabilities payable from restricted assets:		
Security deposits	**252,259**	257,664
Interest payable on revenue bonds	**3,670,755**	1,227,625
Current maturities of revenue bonds	**5,850,000**	2,775,000
Total current liabilities payable from restricted assets	**9,773,014**	4,260,289
Long-term liabilities:		
Compensated absences payable	**2,034,631**	2,026,566
Total OPEB liability	**534,069**	557,425
SBITA liability	**-**	147,641
Net pension liability	**10,452,751**	12,227,389
Revenue bonds payable, less current maturities	**153,468,452**	51,940,479
Total long-term liabilities	**166,489,903**	66,899,500
Total liabilities	**219,157,155**	94,389,724
Deferred inflows of resources:		
Pension	**2,078,983**	1,165,412
Leases	**45,824,855**	48,360,681
OPEB	**117,692**	53,345
Total deferred inflows of resources	**48,021,530**	49,579,438
Net position:		
Net investment in capital assets	**484,283,355**	425,138,740
Restricted:		
Passenger facility charges	**45,332,193**	49,099,338
Debt service	**6,010,207**	2,762,079
Renewal and replacement	**12,179,709**	10,790,132
Operation and maintenance	**15,986,833**	13,568,879
Capital outlay	**2,584,625**	2,397,956
	82,093,567	78,618,384
Unrestricted	**202,230,608**	182,680,246
Total net position	**$ 768,607,530**	$ 686,437,370

See notes to financial statements.

Palm Beach County, Florida Department of Airports

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2025 and 2024

	2025	(As Restated) 2024
Operating revenues:		
Rentals	**$ 27,295,848**	$ 29,698,162
Concessions	**59,344,665**	55,962,945
Landing fees	**3,744,946**	5,634,559
Other	**4,447,003**	4,526,089
Total operating revenues	**94,832,462**	95,821,755
Operating expenses:		
Employee compensation and benefits	**18,204,869**	16,818,450
General and administrative	**14,960,214**	11,995,367
Maintenance	**11,694,564**	11,812,461
Contracted security services	**11,228,435**	10,567,102
Contracted fire-rescue services	**9,087,059**	8,186,214
Utilities	**4,285,744**	4,323,769
Total operating expenses	**69,460,885**	63,703,363
Operating income before depreciation and amortization	**25,371,577**	32,118,392
Depreciation and amortization	**29,112,930**	26,227,277
Operating (loss) income	**(3,741,353)**	5,891,115
Nonoperating revenues (expenses):		
Investment income	**15,958,726**	13,165,193
CARES Grant	**-**	1,716,953
Airport Coronavirus Response Grant Program (ARCP)	**-**	1,204,734
Airport American Rescue Plan	**12,349,539**	11,835,677
Interest expense	**(6,933,913)**	(2,473,004)
Amortization of deferred loss on refundings	**(49,075)**	(52,014)
Contributions to Non-Govt Agencies	**-**	(2,964,535)
Amortization of revenue bond premiums	**1,127,540**	840,318
Other revenues (expenses)	**(561,142)**	1,008,190
Total nonoperating revenues (expenses), net	**21,891,675**	24,281,512
Income before contributions and transfers	**18,150,322**	30,172,627
Passenger facility charges	**16,593,930**	15,278,780
Airport improvement capital grants	**47,486,251**	15,933,624
Transfers to other county funds	**(60,343)**	(53,100)
Change in net position	**82,170,160**	61,331,931
Net position, beginning of year, as restated (Note 11)	**686,437,370**	625,105,439
Net position, ending	**$ 768,607,530**	$ 686,437,370

See notes to financial statements.

Palm Beach County, Florida Department of Airports

Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from customers	**$ 94,663,008**	$ 92,051,913
Cash payments to vendors for goods and services	**(21,996,167)**	(23,828,620)
Cash payments to employees for services	**(18,795,333)**	(16,750,351)
Cash payments to other funds	**(21,908,602)**	(21,998,924)
Net cash provided by operating activities	**31,962,906**	29,474,018
Cash flows from noncapital financing activities		
Transfer to other county funds	**(60,343)**	(53,100)
Pass-through grants to Airport Tenants	**-**	(2,964,535)
Operating grants and other	**12,349,539**	14,938,327
Net cash provided by noncapital financing activities	**12,289,196**	11,920,692
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	**(89,897,129)**	(65,357,748)
Subscription payments	**-**	(143,209)
Proceeds from Revenue Bonds Issued	**108,505,511**	-
Insurance proceeds	**11,923**	791,902
Proceeds from sale of capital assets	**31,790**	35,325
Principal repayment on revenue bonds	**(2,775,000)**	(2,645,000)
Passenger facility charges received	**16,281,065**	15,456,352
Receipt of capital grants and reimbursements	**40,645,635**	10,814,008
Bond Issue costs paid	**(604,854)**	-
Interest and fiscal charges paid	**(4,490,783)**	(2,539,130)
Net cash provided by (used in) capital and related financing activities	**67,708,158**	(43,587,500)
Cash flows provided by investing activities:		
Interest and gains on investments	**15,958,726**	13,165,193
Net cash provided by investing activities	**15,958,726**	13,165,193
Net change in cash and cash equivalents	**127,918,986**	10,972,403
Cash and cash equivalents at beginning of year (including restricted accounts totaling $81,027,171 for 2025 and $86,954,351 for 2024)	**261,683,756**	250,711,353
Cash and cash equivalents at end of year (including restricted accounts totaling $201,451,869 for 2025 and $81,027,171 for 2024)	**$ 389,602,742**	$ 261,683,756

(Continued)

Palm Beach County, Florida Department of Airports

Statements of Cash Flows (Continued)
Years Ended September 30, 2025 and 2024

	2025	(As Restated) 2024
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	**$ (3,741,353)**	$ 5,891,115
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation and amortization	**29,112,930**	26,227,277
Other operating revenue	**(835,296)**	(865,035)
Changes in assets, liabilities and deferred inflows/outflows:		
Accounts receivable	**72,946**	(1,942,832)
Due from other funds	**105,509**	17,277
Inventories	**(134,360)**	13,927
Other current assets	**193,690**	(524,029)
Accounts and contracts payable	**6,934,068**	1,591,392
Compensated absences payable	**35,746**	227,250
Unearned revenues	**492,792**	(973,806)
Due to other funds	**66,401**	(23,922)
Other liabilities	**147,002**	17,463
Security deposits	**(5,405)**	(5,445)
Deferred outflows of resources	**338,312**	(358,961)
Deferred inflows of resources	**977,918**	652,089
Net pension liability	**(1,774,638)**	(507,408)
Total OPEB liability	**(23,356)**	37,666
Total adjustments	**35,704,259**	23,582,903
Net cash provided by operating activities	**$ 31,962,906**	$ 29,474,018
Supplemental disclosures of noncash capital and related financing activities:		
Amortization of premium on bonds	**$ 1,127,540**	$ 840,318
Amortization of deferred advance refunding loss	**49,075**	52,014
Capital assets ROU SBITA	**143,337**	444,724
ROU SBITA Liability	**(153,874)**	(301,515)
Capital assets in accounts/contracts payable	**23,068,465**	11,713,414
Disposition of fully depreciated capital assets	**4,908,754**	177,023
Capital grants receivable	**17,875,196**	10,402,055
Operating grants receivable	**24,004**	17,419
Passenger facility charges receivable	**2,465,593**	2,152,727

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: Palm Beach County (the County) is a chartered political subdivision of the State of Florida and is granted the power of self-governance by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board) is the legislative and governing body of the County.

Pursuant to the general laws of Florida, the County owns the Palm Beach International Airport and three general aviation airports, Palm Beach County Park Airport in Lantana, Palm Beach County Glades Airport in Pahokee and North County General Aviation Airport in Palm Beach Gardens (collectively, the Airports), all operated by the Palm Beach County Department of Airports (the Department of Airports).

The financial statements only present the Department of Airports, an enterprise fund of Palm Beach County, Florida, and do not purport to, and do not present fairly the financial position of Palm Beach County, Florida, and the changes in its financial position and, where applicable, cash flows, in conformity with accounting principles generally accepted in the United States.

Basis of presentation: The Department of Airports operates the Airports as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public where all or most of the costs incurred are recovered in the form of charges to users of such services.

The financial statements included in this report represent the operations of the four airports.

Basis of accounting: The accounts of the Department of Airports are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Rental revenue includes revenue from terminal fees charged to airlines and is recognized when earned in terms of the lease agreement. Concession revenue includes car rental concessions and parking fees and is recognized when earned in terms of the concession agreement.

Landing fees are recognized in accordance with the agreement with signatory airlines based on landed weight of aircraft.

Intergovernmental revenues from federal or state grants are recognized when eligibility requirements of the grant program have been met.

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions which are capital, financing or investing-related are reported as non-operating revenues or capital contributions. All expenses related to operating the Airport are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents and investments: The Department of Airports considers all highly liquid investments with maturities of three months or less when purchased, as well as its proportionate share of the County's internal investment pool, to be cash equivalents for purposes of the statements of net position and cash flows. The County's internal investment pool is valued at a combination of fair value and amortized cost as more fully described in the notes to the County financial statements. The non-pooled money market funds and cash with fiscal agents-money market funds are stated at fair value based on the last reported sales price for securities traded on a national exchange. Gain or loss on sales of investments is based on the specific identification method.

Accounts receivable: Accounts receivable are composed primarily of monthly billings to airlines and concessionaires operating at Palm Beach International Airport for various rentals and other fees under the Department of Airports operating leases. No collateral is required for accounts receivable. An allowance for doubtful accounts is provided for receivables where there is a question as to ultimate collectability. Receivables are written off when management has determined that the amount will not be collected. Collection on accounts previously written off is included in other operating revenues when received.

Inventories: Inventories, consisting mostly of materials and supplies, are stated at the lower of cost or market determined on the first-in, first-out basis or market value.

Capital assets: Capital assets are recorded at cost or, if donated, at the acquisition value at the date of donation. Capital assets transferred to or from the Department to other County funds are recorded at their net book value (historical cost, less accumulated depreciation) as of the date of the transfer. Maintenance and repairs are charged to expense as incurred. Capital assets are defined as those assets with an initial, individual cost of over $5,000. Major renewals and betterments which are significant and add to the productive capacity or extend the useful life greater than one year of capital assets are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which are summarized as follows:

	Years
Buildings	5-40
Improvements other than buildings	5-20
Furniture, fixtures and equipment	3-12

The Department of Airports purchases certain residential parcels of land that are considered to be within the area designated as "noise-impacted" surrounding the Airports. The costs of acquisition, structure demolition and relocation of residents in this area are eligible under the Federal Aviation Administration (FAA) Noise Abatement Grant Program for reimbursement. Those items that are deemed to be capital expenditures are recorded as capital asset additions when the costs are incurred. The FAA funds approximately 80% of these costs with the remainder financed by the State of Florida and the Department of Airports. The FAA retains a continuing interest in the properties equal to its original funding percentage and restricts the use of such properties to purposes which are compatible with noise levels associated with the operation of Airports. The total cost associated with acquiring these parcels of land are $49,866,823 at September 30, 2025 and 2024, and is recorded under land in the accompanying statements of net position.

Property acquired through the Department's Residential Buyout Program of Noise Impacted Areas is recorded as capital assets at cost until such time it is no longer needed for its original use. At that time the property is transferred to assets held for sale and is reported at the lower of cost or net realizable value.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases: The Department is a lessor for various assets including building, hangar and ground properties. The Department, as lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. Short-term leases, variable revenue leases and regulated leases recognize rental income based on the provisions of the lease agreement in the statements of revenues, expenses and changes in net position. Regulated leases include Airline and Fixed Based Operator agreements which are regulated by the Federal Aviation Administration.

Long-term leases subject to GASB Statement No. 87 are measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Further, the Department recognizes interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

The following key estimates and judgments are used by the Department to determine the following:

- Discount rate: The Department uses either the explicit rate stated in the lease agreement or the Palm Beach County incremental borrowing rate. The Department re-evaluates the discount rate annually and may use a borrowing rate from any recent revenue bonds issued by the Department.

- Lease receipts*:* Measurement of the lease receivable for purposes of GASB Statement No. 87 includes fixed payments, and as applicable, variable fixed in substance payments, and residual value guarantee payments that are fixed in substance.

- The Department monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflows of resources for leasing transactions.

For further disclosure on the Departments leasing activity including variable leases, assets held for lease, and regulated leases see Note 4, Leases, as Lessor.

Intangible assets: The costs of various easement rights are capitalized as intangible assets and are amortized using the straight-line method over their remaining lives, which is determined to be 40 years.

Security deposits: Security deposits represent cash deposits held by the Department of Airports pursuant to certain operating leases.

Unearned revenue: Unearned revenue consists of lease payments received from airport tenants in advance of the due date under operating leases.

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted assets: Certain assets are restricted in accordance with the provisions of the Bond Resolution (Resolution) and in accordance with FAA restrictions. Assets restricted under the Resolution which are designated primarily for payment of debt service are $113 million and $3.9 million at September 30, 2025 and 2024, respectively, the retention of the operation and maintenance reserve of $15.9 million and $13.5 million at September 30, 2025 and 2024, respectively, and the renewal and replacement reserve of $12.1 million and $11 million at September 30, 2025 and 2024, respectively, all as defined in the Resolution. Assets that are subject to FAA restrictions include restricted cash and cash equivalents of $1.32 million and $1.30 million at September 30, 2025 and 2024, respectively, and results from the sale of excess land previously contributed by the FAA and not required for aviation purposes. These assets are restricted until appropriated for FAA approved projects. In addition, the Department of Airports also has restricted assets consisting of cash and receivables of $59 million and $52 million at September 30, 2025 and 2024, respectively, for passenger facility charge revenues that are restricted by the FAA to capital projects.

Amortization of discounts/premiums on bonds and debt issuance costs: Bond discount or premium incurred in connection with the issuance or gain/losses on refunding of revenue bonds are deferred and amortized using the effective interest method over the life of the related debt issue. Debt issuance costs are expensed when incurred.

Interest: Interest costs are expensed or capitalized in accordance with the provisions of GASB Statement No. 62. The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets acquisition periods that theoretically could have been avoided if outlays for the assets had not been made. The amount of interest cost incurred was $6,933,913 and $2,473,004 for the fiscal years ended September 30, 2025 and 2024, respectively, none of which was recorded as capitalized interest in either fiscal year as the construction activity conducted by the Airports is primarily funded through capital grants and/or passenger facility charges.

Compensated absences: The Department of Airports' employees accumulate unused vacation and sick leave within certain limitations. Accumulated vacation and sick leave is payable to employees upon termination or retirement at their pay rate on that date. The Department of Airports accrues unused vacation and sick leave on the statement of net assets as compensated absences payable. In accordance with GASB Statement No. 101, compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured at the employee's pay rate in effect at the financial reporting date and includes the employer's share of applicable taxes.

The Department of Airports through contributions to the County's Combined Insurance Fund, provides an implicit subsidy for health insurance to retired employees.

Passenger facility charges: The Airports collect a Passenger Facility Charge (PFC) at $4.50 per enplaned passenger. The monies collected under this program must be used for capital-related improvements to the Airport facilities and all expenditures of these funds must be preapproved by the FAA. PFC revenue is treated as capital contributions in the financial statements. Total collection authority for the Department is $405,413,322. Cumulative PFC expenditures through September 30, 2025, total $311,283,361.

Capital contributions: Grants from other governmental agencies for the acquisition of capital assets are recorded as capital contributions when related eligibility requirements are met. Contributions from fixed-base operators in the form of buildings and hangars which revert to the Department are recorded as capital contributions at fair value when title is transferred to the Department.

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows of resources and deferred inflows of resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources which represents a consumption of net position applicable to a future period and will not be recognized as an outflow or expense until that time. The Department reports deferred outflows related to leases, pensions, other post-employment benefits (OPEB) and deferred outflows related to the loss on the revenue refunding bonds.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow (revenue or reduction of expense) until that time. The Department reports deferred inflows for leases, pension and OPEB related amounts.

Other post-employment benefits: The County obtains actuarial valuation reports for its post-employment benefit plan (other than pensions) and records the Department's allocation of the total OPEB liability as required under GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Disclosure information required by GASB Statement No. 75 is found in Note 10, Other Post-Employment Benefits (OPEB).

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Use of restricted resources: When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

Subscription-based information technology arrangements: The Department has recorded subscription-based information technology arrangement (SBITA) assets and liabilities as a result of implementing GASB Statement No. 96. The SBITA right to use assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract.

The costs of normal maintenance and repairs that do not add to value of the assets or materially extend the asset lives are not capitalized and are expensed as incurred. The Department monitors changes in circumstances that would require a remeasurement of its SBITA's and will do so if certain changes occur that would be expected to significantly affect the amount of the liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Note 2. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of the following at September 30, 2025 and 2024:

	2025	2024
County internal investment pool	$ 220,090,808	$ 207,584,817
Non-pooled money market funds	57,011,062	50,108,535
Cash with fiscal agent	112,500,172	3,989,704
Petty cash	700	700
Total	$ 389,602,742	$ 261,683,756
Amounts as presented in the financial statements are as follows:		
Unrestricted pooled cash and cash equivalents	$ 188,150,173	$ 180,655,885
Unrestricted nonpooled cash and cash equivalents	700	700
Total unrestricted cash and cash equivalents and investments	188,150,873	180,656,585
Restricted pooled cash and cash equivalents	31,940,635	26,928,932
Restricted nonpooled cash and cash equivalents	57,011,062	50,108,535
Restricted cash with fiscal agent	112,500,172	3,989,704
Total restricted cash and cash equivalents and investments	201,451,869	81,027,171
Total cash and cash equivalents and investments	$ 389,602,742	$ 261,683,756

Cash and cash equivalents: The Department of Airports participates in the County's pooled cash system to maximize earnings and facilitate cash management. The County's pooled cash fund is a highly liquid investment pool of approximately $4.6 billion and $4.3 billion as of September 30, 2025 and 2024, respectively, of which both are approximately 22% and 20%, respectively, is invested in U.S. Government and Agency obligations. The County's investment policy for this pool requires that all securities be insured or registered in the name of the County and held by a third-party custodial institution, with capital and surplus stock of at least $500 million and a separate custody account at the Federal Reserve Bank that is restricted for the safekeeping of County-owned securities.

The equity in the County pooled cash system is available to the Department of Airports on a demand basis and the Department of Airports share of the pool at September 30, 2025, was approximately 4.6%. See the County's Annual Comprehensive Financial Report for disclosures relating to its investment policy interest rate risk, credit risk, custodial credit risk and concentration of credit risk.

As of September 30, 2025, the Department of Airports had $112,500,172 on deposit with a fiscal agent as required by the bond documents and $57,011,062 of PFC monies held in a non-pooled money market account; the Department had the following underlying investments, measured at amortized cost:

	Fair Value	Percentage of Total	Maturity	Standard & Poor's Investment Rating Service
Bank of New York Mellon Cash and Short-Term Money Market Account	$ 112,500,172	100%	Less than 1 year	AAAm
Synovos Institutional Class/Wells Fargo Bank	57,011,062	100%	Less than 1 year	AAAm

Note 2. Cash and Cash Equivalents and Investments (Continued)

As of September 30, 2024, the Department of Airports had $3,989,704 on deposit with a fiscal agent as required by the bond documents and $50,108,535 of PFC monies held in a non-pooled money market account; the Department had the following underlying investments, measured at amortized cost:

	Fair Value	Percentage of Total	Maturity	Standard & Poor's Investment Rating Service
Bank of New York Mellon Cash and Short-Term Money Market Account	$ 3,989,704	100%	Less than 1 year	AAAm
Synovos Institutional Class/Florida Community Bank	50,108,535	100%	Less than 1 year	AAAm

Interest rate risk: Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The Department's investments have a maturity of less than one year, resulting in minimal interest rate risk.

Credit risk: Credit risk is the risk that an issuer will not fulfill its obligations. In accordance with the County's Investment Policy, no-load money market mutual funds backed by government bonds are allowable if rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO).

Custodial credit risk: Custodial credit risk would arise in the event of the failure of a custodian of the Department's investments, after which the government would not be able to recover the value of its investments that are in the possession of the third-party custodian. The Department follows the County's Investment Policy and has all securities registered in the name of the Department and held by a third-party safekeeping institution.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Department does not have a formal investment policy that limits investment concentration risk.

Investments: The Department of Airports follows the County's investment policy. County ordinance and the Resolution authorize the Department of Airports to invest in obligations of the U.S. Government, U.S. Government Agencies and Instrumentalities, repurchase agreements, interest-bearing time deposits or savings accounts, the Local Government Surplus Funds Trust Fund, the Florida Local Government Investment Trust, Collateralized Mortgage Obligations (CMOs), money market mutual funds and certain corporate securities.

Note 3. Capital Assets

Capital asset activity consists of the following at September 30, 2025:

	Balance at September 30, 2024 (revised)	Additions	Retirements	Transfers	Balance at September 30, 2025
Depreciable capital assets:					
Buildings	$ 520,187,523	$ -	$ (2,349,724)	$ 15,338,242	$ 533,176,041
Improvements other than buildings	356,776,251	-	-	11,238,719	368,014,970
Furniture, fixtures and equipment	45,510,955	2,245,493	(2,559,030)	487,934	45,685,352
Intangible—easement rights	13,754,957	-	-	-	13,754,957
Intangible—SBITA	444,724	-	-	-	444,724
Total depreciable capital assets	936,674,410	2,245,493	(4,908,754)	27,064,895	961,076,044
Less accumulated depreciation					
Buildings	345,930,555	15,137,976	(2,349,724)	-	358,718,807
Improvements other than buildings	273,629,549	11,969,583	-	-	285,599,132
Furniture, fixtures and equipment	39,653,941	1,510,840	(2,559,030)	-	38,605,751
Intangible—easement rights	7,972,135	340,532	-	-	8,312,667
Intangible—SBITA	147,390	153,997	-	-	301,387
Total accumulated depreciation	667,333,570	29,112,928	(4,908,754)	-	691,537,744
Depreciable capital assets, net of accumulated depreciation	269,340,840	(26,867,435)	-	27,064,895	269,538,300
Nondepreciable capital assets:					
Land	124,940,855	-	-	-	124,940,855
Construction in progress	97,240,177	98,861,241	-	(27,064,895)	169,036,523
Total capital assets	$ 491,521,872	$ 71,993,806	$ -	$ -	$ 563,515,678

Note 3. Capital Assets (Continued)

Capital asset activity consists of the following at September 30, 2024:

	Balance at September 30, 2023	Prior Year Transfers	Balance at September 30, 2023 (revised)	Additions	Retirements	Transfers	Balance at September 30, 2024
Depreciable capital assets:							
Buildings	$ 493,951,144	$ 10,544,749	$ 504,495,893	$ -	$ -	$ 15,691,630	$ 520,187,523
Improvements other than buildings	345,597,185	1,577,267	347,174,452	-	-	9,601,799	356,776,251
Furniture, fixtures and equipment	43,554,101	-	43,554,101	1,523,062	(177,023)	610,815	45,510,955
Intangible—easement rights	13,754,957	-	13,754,957	-	-	-	13,754,957
Intangible—SBITA	-	-	-	444,724	-	-	444,724
Total depreciable capital assets	896,857,387	12,122,016	908,979,403	1,967,786	(177,023)	25,904,244	936,674,410
Less accumulated depreciation							
Buildings	332,748,319	-	332,748,319	13,182,236	-	-	345,930,555
Improvements other than buildings	262,381,572	-	262,381,572	11,247,977	-	-	273,629,549
Furniture, fixtures and equipment	38,523,767	-	38,523,767	1,307,197	(177,023)	-	39,653,941
Intangible—easement rights	7,629,658	-	7,629,658	342,477	-	-	7,972,135
Intangible—SBITA	-	-	-	147,390	-	-	147,390
Total accumulated depreciation	641,283,316	-	641,283,316	26,227,277	(177,023)	-	667,333,570
Depreciable capital assets, net of accumulated depreciation	255,574,071	12,122,016	267,696,087	(24,259,491)	-	25,904,244	269,340,840
Nondepreciable capital assets:							
Land	124,669,756	-	124,669,756	-	-	271,099	124,940,855
Construction in progress	71,932,558	(12,122,016)	59,810,542	63,604,978	-	(26,175,343)	97,240,177
Total capital assets	$ 452,176,385	$ -	$ 452,176,385	$ 39,345,487	$ -	$ -	$ 491,521,872

During the fiscal year ended September 30, 2025, the Department identified that certain capital projects included in construction in progress were substantially complete in prior years but had not been reclassified to depreciable capital assets. Management reclassified these amounts in the 2024 rollforward schedule of the current year comparative financial statements and recorded the related depreciation through current year adjustments in fiscal year 2025. The reclassification did not materially impact total capital assets, total net position, or cash flows.

Note 4. Leases, as Lessor

The Department leases a major portion of its property to airlines, rental car companies and concessionaires. Certain of the concessionaire leases provide for minimum rentals, plus a contingency portion specified as a percentage of the tenants' gross revenues; however, the majority of these concession leases provide for the automatic abatement of minimum guarantees based on declines in passenger traffic levels. Contingent rental income under such arrangements amounted to $2,315,645 and $3,785,673 for the fiscal years ended September 30, 2025 and 2024, respectively. All of the Department's leases are operating leases.

Rental car leases provide for minimum rentals plus a contingency portion specified as a percentage of gross revenues. During fiscal year 2022, minimum guarantees were temporarily abated due to passenger traffic declines associated with the COVID-19 pandemic. Car rental agreements expired September 30, 2022, however all car rental companies have contracted for a new term commencing October 1, 2022 and expiring September 30, 2027. Management does not expect any ongoing impact to car rental agreements from COVID-19.

Note 4. Leases, as Lessor (Continued)

Minimum future receipts, exclusive of contingent rentals under such leases, are approximately:

Fiscal years ending September 30:	Principal	Interest	Total
2026	$ 1,745,951	$ 2,478,526	$ 4,224,477
2027	1,123,002	2,408,657	3,531,659
2028	964,464	2,365,433	3,329,897
2029	1,013,807	2,322,224	3,336,031
2030	1,065,676	2,275,816	3,341,492
2031-35	5,310,964	10,620,538	15,931,502
2036-40	4,552,014	9,464,605	14,016,619
2041-45	2,459,614	8,664,835	11,124,449
2046-50	2,667,448	7,932,999	10,600,447
2051-55	2,312,772	7,110,582	9,423,354
2056-60	4,893,501	6,061,595	10,955,096
2061-65	6,949,177	4,576,364	11,525,541
2066-70	9,332,271	2,534,510	11,866,781
2071-75	5,376,566	525,870	5,902,436
2076-80	948,265	-	948,265
Total	$ 50,715,492	$ 69,342,554	$ 120,058,046

Revenue from regulated leases (as defined by GASB 87) amounted to $8,321,403 and $5,503,278 for the fiscal years ended September 30, 2025 and 2024, respectively. Regulated leases include Airline and Fixed Based Operator agreements which are regulated by the Federal Aviation Administration.

A summary of future lease revenue for regulated leases is as follows:

	Total
2026	$ 2,884,192
2027	2,884,192
2028	2,884,192
2029	2,884,192
2030	2,548,397
2031-35	12,626,231
2036-40	3,986,742
2041-45	154,010
	$ 30,852,148

Note 4. Leases, as Lessor (Continued)

A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2025 and 2024, is as follows:

	2025	2024
Buildings	$ 406,428,903	$ 379,461,830
Less accumulated depreciation	273,799,575	264,643,366
	132,629,328	114,818,464
Land	60,592,762	60,592,762
Property held for lease, net	$ 193,222,090	$ 175,411,226

Note 5. Revenue Bonds Payable and Long-Term Obligations

Revenue bonds payable by the Department consist of the following as of September 30, 2025 and 2024:

	2025	2024
Series 2016 Revenue Refunding Bonds, principal due annually, in various amounts, beginning October 1, 2017 through October 1, 2036, with interest at 4.99% payable semi-annually on October 1 and April 1	$ 46,330,000	$ 49,105,000
Series 2024A Revenue Improvement (Non-AMT) Bonds, principal due annually, in various amounts, beginning November 1, 2024 through October 1, 2044, with interest at 5% payable semi-annually on October 1 and April 1	24,190,000	-
Series 2024B Revenue Improvement (AMT) Bonds, principal due annually, in various amounts, beginning November 1, 2024 through October 1, 2044, with interest at 5% payable semi-annually on October 1 and April 1	74,560,000	-
	145,080,000	49,105,000
Less current portion	5,850,000	2,775,000
	139,230,000	46,330,000
Unamortized bond premium	14,238,452	5,610,479
Long-term portion	$ 153,468,452	$ 51,940,479

Series 2016 Revenue Refunding Bonds: The County, on behalf of the Department, issued $57,070,000 of Airport Revenue Refunding Bonds, Series 2016 during fiscal year 2016 which refunded Series 2006A Airport System Revenue Bonds in its entirety. The refunding resulted in an accounting loss of $823,000 which is being amortized over the life of Series 2016 Bonds, however, the refunding realized a net present value savings of $15.6 million. Present value savings are generated due to significantly lower interest rates achieved in the 2016 Series Bonds versus the 2006A Series Bonds. The “all-in true interest costs” as calculated for the 2016 Series Bonds compared to the 2006A Series Bonds, is 2.94% and 5.18%, respectively.

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

Series 2024 Revenue Improvement Bonds: On November 1, 2024, the County issued $24,190,000 Airport System Revenue Improvement Bonds, Series 2024A (Non-AMT) and $74,560,000 Airport System Revenue Improvement Bonds, Series 2024B (AMT), which together with the Series 2024A Bonds are collectively referred to herein as the "Series 2024 Bonds", for a total par value of $98,750,000.

The Series 2024 bonds are being issued to: (a) pay the cost of the Series 2024A Projects, (b) to fund the Series 2024 Debt Service Reserve Subaccount in an amount equal to the Series 2024 Debt Service Reserve Requirement through proceeds of the Series 2024 Bonds, and (c) to pay certain costs of issuance of the Series 2024 Bonds. The projects that the Bonds are funding are located at Palm Beach International (PBI) Airport in West Palm Beach and include: (i) improvements to PBI Concourse B, (ii) the replacement of the Aircraft Rescue and Fire Fighting facility – Station 81, and (iii) the replacement of a revenue control building that supports PBI's public parking facilities.

Bond resolution: Pursuant to the Bond Resolution, the County covenants that it will fix, charge and collect rates, fees, rentals and charges for the use of the Airport System, and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce revenues in each fiscal year at least equal to the sum of operation and maintenance expenses, including reserves therefore provided for in the annual budget, plus the greater of (A) an amount equal to the sum of 1.25 times the aggregate debt service for such fiscal year, or (B) the sum of (i) the amount to be paid during such fiscal year into the debt service account, plus (ii) the amount, if any, to be paid during the fiscal year into the debt service account (including amounts payable to the issuer of any debt service reserve account facility and excluding amounts required to be paid into such account out of the proceeds of Bonds), plus (iii) the amount, if any, to be paid into the Renewal and Replacement Fund as provided in the annual budget, plus (iv) all other charges and liens whatsoever payable out of revenues during such fiscal year, plus (v) to the extent not otherwise provided for, all amounts payable on subordinated indebtedness.

Accordingly, the Department has pledged, for the payment of principal and interest, all (Airport System) net revenues available for debt service, and all funds and accounts established by the Bond Resolution. The full faith and credit of the County is not pledged for the payment of Airport indebtedness. Debt service coverage in 2025 was 5.46 times the aggregate debt service; principal and interest paid in 2025 and net revenues available for debt service were approximately $9.7 million and $53.3 million, respectively.

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

A summary of changes in long-term obligations for the fiscal year ended September 30, 2025, is as follows:

	Balance at October 1, 2024*	Additions	Reductions	Balance at September 30, 2025	Due Within One Year
Revenue bonds:					
Series 2016	$ 49,105,000	$ -	$ 2,775,000	$ 46,330,000	$ 2,915,000
Series 2024A	-	24,190,000	-	24,190,000	720,000
Series 2024B	-	74,560,000	-	74,560,000	2,215,000
Total OPEB liability	557,425	-	23,356	534,069	-
Compensated absences payable	2,779,514	35,745	-	2,815,259	780,628
Net pension liability	12,227,389	-	1,774,638	10,452,751	-
SBITA liability	301,515	-	153,874	147,641	147,641
	$ 64,970,843	$ 98,785,745	$ 4,726,868	159,029,720	$ 6,778,269
Less current maturities				6,778,269	
Long-term portion				152,251,451	
Add unamortized bond premium				14,238,452	
Total				$ 166,489,903	

*Restated to reflect the effect of the implementation of GASB 101.

A summary of changes in long-term obligations for the fiscal year ended September 30, 2024, is as follows:

	Balance at October 1, 2023*	Additions	Reductions	Balance at September 30, 2024	Due Within One Year
Revenue bonds:					
Series 2016	$ 51,750,000	$ -	$ 2,645,000	$ 49,105,000	$ 2,775,000
Total OPEB liability	519,759	37,666	-	557,425	-
Compensated absences payable	2,552,264	227,250	-	2,779,514	752,948
Net pension liability	12,734,797	-	507,408	12,227,389	-
SBITA liability	-	444,724	143,209	301,515	153,874
	$ 67,556,820	$ 709,640	$ 3,295,617	64,970,843	$ 3,681,822
Less current maturities				3,681,822	
Long-term portion				61,289,021	
Add unamortized bond premium				5,610,479	
Total				$ 66,899,500	

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

The annual debt service requirements for all outstanding bonds are as follows:

	Principal	Interest	Total
Fiscal years ending September 30:			
2026	$ 5,850,000	$ 7,121,888	$ 12,971,888
2027	6,150,000	6,818,013	12,968,013
2028	6,455,000	6,499,013	12,954,013
2029	6,785,000	6,163,763	12,948,763
2030	7,125,000	5,811,763	12,936,763
2031-35	41,400,000	23,122,063	64,522,063
2036-40	36,570,000	12,404,250	48,974,250
2041-45	34,745,000	3,792,275	38,537,275
	$ 145,080,000	$ 71,733,028	$ 216,813,028

Note 6. Retirement Plans

The County provides retirement benefits to County employees through the following plans:

Plan descriptions: The Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida legislature.

The HIS Program benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time.

An annual comprehensive financial report, including financial information and required supplementary information on both plans is publicly available on the web site of the Florida Department of Management Services (http://www.dms.myflorida.com).

The Department contributes to the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan, for its eligible employees who elect to participate in the Investment Plan in lieu of participating in the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of FRS defined-benefit plan. County employees participating in the Deferred Retirement Option Program (DROP) are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA) and is reported in the SBA's annual financial statements and in the State of Florida's annual comprehensive financial report. Financial information on this plan is available on the web at http://www.sbafla.com/.

Note 6. Retirement Plans (Continued)

Pension plan expenditures: The Department's aggregate pension expense/expenditures for all plans amounted to negative $463,238 and $173,033 for the fiscal years ended September 30, 2025 and 2024, respectively. The Department's aggregate net pension liability for all plans were $10,452,751 and $12,227,389 with balances of deferred outflows of resources related to pensions of $2,607,950 and $2,940,078, and deferred inflows of resources related to pensions of $2,078,983 and $1,165,412 as of September 30, 2025 and 2024, respectively.

FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

Benefits provided: The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011, will be vested, or eligible to receive future benefits after 8 years of creditable service. Retirement, disability and death benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 33 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented Deferred Retirement Option Program (DROP), which is a program available under the FRS Pension Plan. DROP is available when the member first reaches eligibility for normal retirement. The election to participate in DROP may be made any time after the member's normal retirement date. DROP allows a member to effectively retire by ceasing earning additional service credit while deferring termination and continuing up to 96 months. While a member is in DROP, the retirement benefits accumulate in the FRS Trust Fund, as of the DROP effective date, increase by a cost-of-living adjustment each July, and earn tax-deferred monthly interest equivalent to an annual rate of 4.00%.

The FRS was amended in FYE 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members, effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

Note 6. Retirement Plans (Continued)

Contributions: The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, in effect at September 30, 2025, were:

Membership Class	Employee Contribution Rate	Employer Contribution Rate*
Regular	3.00%	14.03%
Special Risk	3.00%	35.19%
State Attorney/Public Defender	3.00%	62.66%
County, City, Special District Elected Officers	3.00%	54.57%
Special Risk Administrative Support	3.00%	39.48%
Senior Management	3.00%	33.24%
Deferred Retirement Option Program	N/A	22.02%

* Employer contribution rates in the above table include a 2.00% contribution for the Retiree Health Insurance Subsidy Program

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, in effect at September 30, 2024, were:

Membership Class	Employee Contribution Rate	Employer Contribution Rate*
Regular	3.00%	13.63%
Special Risk	3.00%	32.79%
State Attorney/Public Defender	3.00%	62.97%
County, City, Special District Elected Officers	3.00%	58.68%
Special Risk Administrative Support	3.00%	39.82%
Senior Management	3.00%	34.52%
Deferred Retirement Option Program	N/A	21.13%

* Employer contribution rates in the above tables include a 1.66% contribution for the Retiree Health Insurance Subsidy Program.

The Department's employer contributions to the FRS Pension Plan totaled approximately $1,902,679 and employee contributions totaled $253,559 for the fiscal year ended September 30, 2025. The Department's employer contributions to the FRS Pension Plan totaled approximately $1,728,025 and employee contributions totaled $241,217 for the fiscal year ended September 30, 2024. The Department contributed 100% of its statutorily required contributions for the current year and preceding two years.

Net pension liability, deferrals and pension expense: At September 30, 2025 and 2024, the Department reported a liability of $7,951,429 and $9,440,990, respectively, for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Department's proportionate share of the net pension liability was based on the Department's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the Department's proportionate share was .025% of the County portion compared to .024% as its proportionate share measured as of June 30, 2024.

Note 6. Retirement Plans (Continued)

2025

For the fiscal year ended September 30, 2025, the Department recognized pension expense of $859,042 related to the FRS Pension Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 849,296	$ -
Change of assumptions	923,367	-
Net difference between projected and actual earnings on pension plan investments	-	1,327,571
Changes in proportion and differences between Department contributions and proportionate share of contributions	215,212	68,935
Department contributions subsequent to the measurement date	450,111	-
	$ 2,437,986	$ 1,396,506

The Department's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

	Amount
Fiscal years ending September 30:	
2026	$ 1,318,681
2027	(191,296)
2028	(294,084)
2029	(241,932)
2030	-
	$ 591,369

2024

For the fiscal year ended September 30, 2024, the Department recognized pension expense of $1,418,871 related to the FRS Pension Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 953,793	$ -
Change of assumptions	1,293,974	-
Net difference between projected and actual earnings on pension plan investments	-	627,497
Changes in proportion and differences between Department contributions and proportionate share of contributions	134,202	110,921
Department contributions subsequent to the measurement date	389,243	-
	$ 2,771,212	$ 738,418

Note 6. Retirement Plans (Continued)

The Department's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

	Amount
Fiscal years ending September 30:	
2025	$ (133,122)
2026	1,546,024
2027	118,070
2028	20,358
2029	92,221
	$ 1,643,551

Actuarial assumptions:

2025

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method, which differs from the Ultimate Entry Age Normal cost allocation method used in the actuarial valuation for funding purposes for the System.

Valuation Date	July 1, 2025
Discount rate	6.70%
Inflation	2.40%
Salary Increases	3.50%, including inflation.
Investment rate of return	6.70%, net of investment expense

Mortality rates were based on the PUB2010 base table (varies by member category and sex), projected generationally with scale MP-2021. The actuarial assumptions that determined the total pension liability as of June 30, 2025, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

2024

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using Individual Entry Age Normal cost allocation method, which differs from the Ultimate Entry Age Normal cost allocation method used in the actuarial valuation for funding purposes for the System.

Valuation Date	July 1, 2024
Discount rate	6.70%
Inflation	2.40%
Salary Increases	3.25%, including inflation.
Investment rate of return	6.70%, net of investment expense

Note 6. Retirement Plans (Continued)

Mortality rates were based on the PUB2010 base table (varies by member category and sex), projected generationally with scale MP-2018.

The actuarial assumptions that determined the total pension liability as of June 30, 2023 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate (property)	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			
Assumed inflation—mean			2.4%	1.5%

Note: (1) As outlined in the Plan's investment policy.

Discount rate: The discount rate used to measure the total pension liability was 6.70% and 6.70% for 2025 and 2024, respectively. The Plan's fiduciary net position was projected to be available to make all projected benefit payments of current and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.70% and 6.70%, respectively, rate of return and discount rate assumption used in the June 30, 2025 and 2024, calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice No. 27 (ASOP 27) for accounting purposes, which differs from the rate used for funding purposes, which is used to establish the contribution rates for the Plan.

Note 6. Retirement Plans (Continued)

Sensitivity to changes in the discount rate: The following presents the Department's proportionate share of the net pension liability, as well as what the Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1% higher than the current rate:

	2025		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Department's proportionate share of the net pension liability	$ 15,604,557	$ 7,951,429	$ 1,535,157

	2024		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Department's proportionate share of the net pension liability	$ 16,606,371	$ 9,440,990	$ 3,438,464

Pension plan fiduciary net position: Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

Benefits provided: For the fiscal years ended September 30, 2025 and 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 and $7.50, respectively, for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and $30, respectively, and a maximum HIS payment of $225 and $150, respectively, per month. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended September 30, 2025 and 2024, the contribution rate was 2.00%, of payroll. The County contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Department's employer contributions to the HIS Program totaled $38,830 and $28,685 for the fiscal years ended September 30, 2025 and 2024, respectively. The Department contributed 100% of its statutorily required contributions for the current and preceding two years.

Note 6. Retirement Plans (Continued)

Net Pension Liability, Deferrals and Pension Expense

2025

At September 30, 2025, the Department reported a liability of $2,501,322 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Department's proportionate share of the net pension liability was based on the Department's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the Department's proportionate share of the County's liability was .019%, compared to .023% as its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the Department recognized pension expense of $56,151 related to the HIS Pension Plan. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources which are the Department's proportionate share of the County's totals:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,931	$ 3,968
Change of assumptions	22,139	605,005
Net difference between projected and actual earnings on pension plan investments	-	2,082
Changes in proportion and differences between Department contributions and proportionate share of contributions	84,320	71,422
Department contributions subsequent to the measurement date	48,574	-
Total	$ 169,964	$ 682,477

The Department's contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

	Amount
Fiscal years ending September 30:	
2026	$ (117,128)
2027	(148,253)
2028	(132,787)
2029	(103,138)
2030	(59,781)
Thereafter	-
	$ (561,087)

Note 6. Retirement Plans (Continued)

2024

At September 30, 2024, the Department reported a liability of $2,786,399 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Department's proportionate share of the net pension liability was based on the Department's 2023-24 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the Department's proportionate share of the County's liability was .019%, compared to .023% as its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Department recognized pension expense of $107,300 related to the HIS Pension Plan. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources which are the Department's proportionate share of the County's totals:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,905	$ 5,350
Change of assumptions	49,313	329,874
Net difference between projected and actual earnings on pension plan investments	-	1,008
Changes in proportion and differences between Department contributions and proportionate share of contributions	48,908	90,762
Department contributions subsequent to the measurement date	43,740	-
Total	$ 168,866	$ 426,994

The Department's contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

	Amount
Fiscal years ending September 30:	
2025	$ (46,284)
2026	(53,770)
2027	(75,256)
2028	(75,218)
2029	(40,759)
Thereafter	(10,581)
	$ (301,868)

Note 6. Retirement Plans (Continued)

Actuarial Assumptions

2025

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

Valuation Date	July 1, 2024
Discount rate	5.20%
Inflation	2.40%
Salary Increases	3.50%, including inflation
Municipal Bond Rate	5.20%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021.

Because the HIS Program is funded on a pay-as-you go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for this program were based on certain results of the most recent experience study for the FRS Pension Plan.

2024

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2024
Discount rate	3.93%
Inflation	2.40%
Salary Increases	3.50%, including inflation
Municipal Bond Rate	3.93%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

Because the HIS Program is funded on a pay-as-you go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for this program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount rate: The discount rate used to measure the total pension liability was 5.20% and 3.93% for 2025 and 2024, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

Note 6. Retirement Plans (Continued)

Sensitivity to changes in the discount rate: The following presents the County's proportionate share of the net pension liability calculated using the discount rate, as well as what the County's proportionate share of the net pension liability would be if were calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate:

	2025		
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Department's proportionate share of the net pension liability	$ 2,820,642	$ 2,501,322	$ 2,233,512

	2024		
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Department's proportionate share of the net pension liability	$ 3,171,957	$ 2,786,399	$ 2,466,324

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

Vesting provisions: For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal years ended September 30, 2025 and 2024, the information for the amount of forfeitures was unavailable from the SBA, however, management believe that these amounts, if any, would be immaterial to the County. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Department's employer contributions to the Investment Plan totaled $279,703 and $229,170 for the fiscal years ended September 30, 2025 and 2024, respectively.

Note 7. Related Party Transactions

The Department reimburses the General Fund of Palm Beach County for an allocated portion of certain support department costs which include such services as legal, administrative, fiscal, engineering, purchasing, personnel, internal audit and communication costs. The Department is also charged for the cost of services provided by the Motor Pool, Casualty Self-Insurance, Workers' Compensation and Data Processing Internal Service Funds of the County. The total cost for the above services was approximately $4.4 million and $3.8 million for the fiscal years ended September 30, 2025 and 2024, respectively. In addition, the Department pays solid waste disposal fees to the Solid Waste Authority of Palm Beach County, a dependent special district and component unit of Palm Beach County, Florida. Fees paid to the Solid Waste Authority for the fiscal years ended September 30, 2025 and 2024, totaled $386,080 and $284,333, respectively. At September 30, 2025 and 2024, there was a receivable from other funds and departments of Palm Beach County of $0.00 and $105,507, respectively. At September 30, 2025 and 2024, $218,800 and $152,399, respectively, was payable to other Palm Beach County funds and departments.

The Department also contracts directly with the Palm Beach County Sheriff's Department for security services at PBIA. The cost of these services from the Sheriff's Department was approximately $10.4 million and $9.9 million for the fiscal years ended September 30, 2025 and 2024, respectively. The Department also contracts with the Fire-Rescue Department for fire-rescue service at PBIA. The cost of these services was approximately $9 million and $8.1 million for fiscal years ended September 30, 2025 and 2024, respectively.

Note 8. Major Customers

A significant portion of the Department's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines operating out of PBIA.

The Department's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations at PBIA and should the Department be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

Major customers, based on number of enplaned passengers, are as follows:

	Percent of Activity Based Upon Enplaned Passengers	
	Fiscal Years Ended September 30	
	2025	2024
Airline:		
jetBlue	26.4%	25.3%
Delta	25.4%	25.9%
American	20.7%	19.8%
United	11.6%	11.6%
Southwest	7.2%	7.5%
Others	4.2%	3.9%
Frontier Airlines	2.5%	3.5%
Spirit	1.2%	1.8%
Air Canada	0.8%	0.7%
	100.0%	100.0%

Note 9. Commitments and Contingencies

Litigation: The Department is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the Department, based upon consultation with legal counsel, that the outcome of these lawsuits will not materially affect the financial position of the Department.

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the State of Florida and the Federal Aviation Administration. Any disallowed claims, including amounts already received, might constitute a liability of the Department for the return of those funds.

Risk management: The Department covers risk of loss for natural disasters through the purchase of commercial insurance. In the last three years, none of the settlements have exceeded the Department insurance coverage.

The Department participates in the county-wide self-insurance programs for casualty, employee health and workers' compensation. Premiums charged to the Department by the County self-insurance fund are based on actuarial estimates of the amounts needed to pay prior and current year claims. Premiums paid by the department were $2,744,863 and $2,620,732 for the fiscal years ended September 30, 2025 and 2024, respectively. While each of these county-wide self-insurance programs are subject to potential losses in excess of the amounts that have been accrued and funded as of September 30, 2025 and 2024, management believes it is unlikely that the amounts of such potential losses, if any, would be material.

Contract commitments: The Department has numerous uncompleted design and construction contracts for improvements to the airport system. At September 30, 2025 and 2024, the remaining commitment on these uncompleted contracts was $155,854,284 and $75,829,142, respectively, which is summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
2025	$ 356,321,988	$ 200,475,209	$ (7,505)	$ 155,854,284
2024	$ 203,909,324	$ 127,804,151	$ 276,031	$ 75,829,142

Note 10. Other Post-Employment Benefits

The Department applies the requirements of GASB Statement No. 75, *Financial Reporting for Post-employment Benefit Plans Other Than Pensions*, which requires governments to report a liability on the face of the financial statements for the OPEB that they provide.

This statement requires governments in all types of OPEB plans to present more extensive note disclosures and Required Supplementary Information (RSI) about their OPEB liabilities, including a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government, and a new RSI schedule including the increases and decreases in the total OPEB liability.

Note 10. Other Post-Employment Benefits (Continued)

Description of OPEB plan: Pursuant to Section 112.0801, Florida Statutes, the County is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the pattern of sharing costs between the employer and plan members to that point.

As determined by an actuarial valuation, the County records a total OPEB liability in its government-wide financial statements related to the implicit subsidy. The Department participates in the County's plan on an allocation basis, which is approximately 3.94% of the County's liability. See the County's Annual Comprehensive Financial Report for disclosures relating to the actuarial methods and assumptions. The approximate portion of the County's total OPEB liability attributed to the Department is estimated as $534,069 and $557,425 at September 30, 2025 and 2024, respectively. The covered payroll is approximately $13.2 million and $11.9 million for fiscal years ended September 30, 2025 and 2024, respectively.

Measurement of Department's total OPEB liability: The Department's total OPEB liability was determined using the following measurement date and actuarial assumptions as of September 30, 2025:

Measurement date	September 30, 2025	September 30, 2024
Actuarial valuation date	September 30, 2024	September 30, 2024
Salary increase rate	3.0% per annum	3.0% per annum
Health care cost trend rate:		
Post-Medicare	6.75% – 4.00%	6.75% – 4.00%
Pre-Medicare	7.75% – 4.00%	7.75% – 4.00%
Discount rate	4.90%	3.81%
Mortality tables used	Pub-2010 Generational Scale MP-21	Pub-2010 Generational Scale MP-21

The changes in the assumptions during the fiscal year ended September 30, 2025, reflect the changes in the discount rate, which was decreased from 4.09% to 4.90%. The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.30% each year for ten years, and 0.10% thereafter until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Post-Medicare Medical and Rx Benefits	6.75%	4.0%
Pre-Medicare Medical and Rx Benefits	7.75%	4.0%
Administrative fees	4.0%	4.0%

Note 10. Other Post-Employment Benefits (Continued)

Changes in the total OPEB liability: Changes in the total OPEB liability for the fiscal years ended September 30, 2025 and 2024, based on the measurement date, are as follows:

	2025	2024
Balance, beginning of year	$ 557,425	$ 519,759
Changes for the year:		
Service cost	31,014	20,474
Interest cost	23,090	19,888
Experience losses	-	11,356
Changes in assumptions and other inputs	(27,256)	36,925
Benefit payments	(50,204)	(50,977)
Net change	(23,356)	37,666
Balance, end of year	$ 534,069	$ 557,425

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the Department's allocation of the County's total OPEB liability, as well as what the Department's allocation of the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rates:

	Total OPEB Liability		
	1% Decrease (3.90%)	Current Rate (4.90%)	1% Increase (5.90%)
As of September 30, 2025	$ 598,339	$ 534,069	$ 479,941

	Total OPEB Liability		
	1% Decrease (2.81%)	Current Rate (3.81%)	1% Increase (4.81%)
As of September 30, 2024	$ 624,530	$ 557,425	$ 500,935

Note 10. Other Post-Employment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate: The following presents the Department's allocation of the County's total OPEB liability, as well as what the Department's allocation of the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the assumed trend rate:

	Total OPEB Liability		
	1% Decrease (6.75% Decreasing to 3.0% Over 17 Years)	Current Rate (7.75% Decreasing to 4.0% Over 17 Years)	1% Increase (8.75% Decreasing to 5.0% Over 17 Years)
As of September 30, 2025	$ 465,239	$ 534,069	$ 620,135

	Total OPEB Liability		
	1% Decrease (6.75% Decreasing to 3.0% Over 18 Years)	Current Rate (7.75% Decreasing to 4.0% Over 18 Years)	1% Increase (8.75% Decreasing to 5.0% Over 18 Years)
As of September 30, 2024	$ 485,596	$ 557,425	$ 647,266

OPEB expense and deferred outflows and deferred inflows: The Department's allocation of the County's OPEB expense for the fiscal years ended September 30, 2025 and 2024, was $74,939 and $63,647, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources from OPEB related activities for the fiscal years ended September 30, 2025 and 2024, are as follows:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 237,737	$ -
Change of assumptions or other inputs	73,821	117,692
Total	$ 311,558	$ 117,692

	Amount
Fiscal years ending September 30, 2025:	
2026	$ 20,835
2027	20,835
2028	20,835
2029	20,835
2030	20,835
Thereafter	89,691
	$ 193,866

Note 10. Other Post-Employment Benefits (Continued)

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 241,944	$ -
Change of assumptions or other inputs	75,798	53,345
Total	$ 317,742	$ 53,345

	Amount
Fiscal years ending September 30, 2024:	
2025	$ 23,285
2026	23,285
2027	23,285
2028	23,285
2029	23,285
Thereafter	147,972
	$ 264,397

Note 11. Restatements

The County and the Department implemented GASB Statement No. 101 in the current year. Since the financial statements are comparative the implementation is presented as of the earliest period presented which is as of October 1, 2023. The beginning balance of the compensated absences liabilities was changed which resulted in a corresponding change to the beginning net position by the same amount as shown in the table below:

	Compensated Absences ST	Compensated Absences LT	Net Position
As originally reported, October 1, 2023	$ 158,425	$ 1,297,105	$ 626,202,173
Change in Accountng Principle – GASB 101	513,167	583,567	(1,096,734)
As restated, October 1, 2023	$ 671,592	$ 1,880,672	$ 625,105,439

Palm Beach County, Florida Department of Airports

Schedule of Proportionate Share and Contributions of the Department's Allocation of the Net Pension Liability – Florida Retirement System Pension Plan and Health Insurance Subsidy Pension Plan

Last Ten Fiscal Years
(Required Supplementary Information-Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Department's proportion of the FRS net pension liability	0.025%	0.024%	0.024%	0.025%	0.024%	0.024%	0.024%	0.240%	0.026%	0.025%
Department's proportionate share of the FRS net pension liability	$ 7,951,429	$ 9,440,990	$ 9,696,817	$ 9,236,600	$ 1,803,525	$ 10,406,863	$ 8,133,140	$ 7,319,983	$ 7,577,112	$ 6,188,680
Department's covered payroll	$ 12,725,644	$ 11,535,554	$ 10,643,697	$ 10,055,896	$ 9,496,850	$ 9,499,538	$ 9,196,451	$ 8,998,633	$ 9,134,709	$ 8,494,194
Department's proportionate share of the FRS net pension liability as a percentage of covered payroll	62.5%	81.8%	91.1%	91.9%	19.0%	109.6%	88.4%	81.3%	82.9%	72.9%
FRS Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	$ 1,902,679	$ 1,699,340	$ 1,459,196	$ 1,266,545	$ 1,090,352	$ 960,424	$ 882,066	$ 828,997	$ 785,987	$ 740,396
FRS contributions in relation to the contractually required contribution	1,902,679	1,699,340	1,459,196	1,266,545	1,090,352	960,424	882,066	828,997	785,987	740,396
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Department's covered payroll	$ 13,207,807	$ 11,910,984	$ 10,944,023	$ 10,317,392	$ 9,589,130	$ 9,584,908	$ 9,276,435	$ 9,042,911	$ 8,969,180	$ 8,712,549
FRS contributions as a percentage of covered payroll	14.41%	14.27%	13.33%	12.28%	11.37%	10.02%	9.51%	9.17%	8.76%	8.50%

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Department's proportion of the HIS net pension liability	0.019%	0.019%	0.019%	0.023%	0.019%	0.018%	0.018%	0.018%	0.018%	0.020%
Department's proportionate share of the HIS net pension liability	$ 2,501,322	$ 2,786,399	$ 3,037,980	$ 2,087,525	$ 2,303,905	$ 2,196,851	$ 2,006,441	$ 1,953,093	$ 2,041,553	$ 2,134,512
Department's covered payroll	$ 12,725,644	$ 11,535,554	$ 10,643,697	$ 10,055,896	$ 9,496,850	$ 9,499,538	$ 9,196,451	$ 8,998,633	$ 9,134,709	$ 8,494,194
Department's proportionate share of the HIS net pension liability as a percentage of covered payroll	19.7%	24.2%	28.5%	20.8%	24.3%	23.1%	21.8%	21.7%	22.3%	25.1%
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	$ 38,830	$ 28,685	$ 24,632	$ 21,380	$ 18,405	$ 16,212	$ 14,889	$ 13,994	$ 13,268	$ 12,498
HIS contributions in relation to the contractually required contribution	38,830	28,685	24,632	21,380	18,405	16,212	14,889	13,994	13,268	12,498
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Department's covered payroll	$ 13,207,807	$ 11,910,984	$ 10,944,023	$ 10,317,392	$ 9,589,130	$ 9,584,908	$ 9,276,435	$ 9,042,911	$ 8,969,180	$ 8,712,549
HIS contributions as a percentage of covered payroll	0.29%	0.24%	0.23%	0.21%	0.19%	0.17%	0.16%	0.15%	0.14%	0.10%

Palm Beach County, Florida Department of Airports

Schedules of Changes in the Department's Allocation of the Total OPEB Liability and Related Ratios

Last 10 Fiscal Years
(Required Supplementary Information—Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	$ 31,014	$ 20,474	$ 2,810	$ 21,935	$ 32,238	$ 15,169	$ 8,736	$ 10,111
Interest cost	23,090	19,888	2,746	8,994	14,772	11,113	9,955	12,877
Experience losses	-	11,356	275	275,526	-	40,678	-	-
Changes in assumptions	(27,256)	36,925	(328)	(70,125)	3,049	54,957	19,486	(9,113)
Benefit payments	(50,204)	(50,977)	(7,995)	(60,416)	(76,830)	(46,921)	(32,299)	(33,633)
Net change in total OPEB liability	(23,356)	37,666	(2,492)	175,914	(26,771)	74,996	5,878	(19,758)
Total OPEB liability – beginning	557,425	519,759	522,251	346,337	373,108	298,112	292,234	311,992
Total OPEB liability – ending	$ 534,069	$ 557,425	$ 519,759	$ 522,251	$ 346,337	$ 373,108	$ 298,112	$ 292,234
Covered employee payroll	$ 13,207,807	$ 11,910,984	$ 10,944,023	$ 10,317,392	$ 9,589,130	$ 9,584,908	$ 9,276,435	$ 9,042,911
Total OPEB liability as a percentage of covered employe	4.04%	4.68%	4.75%	5.06%	3.61%	3.89%	3.21%	3.23%

**This schedule is to be built prospectively until it contains 10 years of data.*

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate. and mortality rates each period. The following are the discount rates used in each period:

2025	4.90%
2024	3.81%
2023	4.09%
2022	4.02%
2021	2.15%
2020	2.21%
2019	2.66%
2018	4.24%

The following are the mortality rates used in each period:

2025	Pub-2010 Genera	Pub-2010 Generational, Scale MP-21
2024	Pub-2010 Genera	Pub-2010 Generational, Scale MP-21
2023	Pub-2010 Genera	Pub-2010 Generational, Scale MP-21
2022	Pub-2010 Genera	Pub-2010 Generational, Scale MP-21
2021	Pub-2010 Genera	Pub-2010 Generational, Scale MP-19
2020	Pub-2010 Genera	Pub-2010 Generational, Scale MP-19
2019	RP-2014 General	RP-2014 Generational, Scale MP-18
2018	RP-2014 General	RP-2014 Generational, Scale MP-18

RSM US LLP

Independent Auditor's Report
on Bond Resolution Compliance

Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net position of the Palm Beach County, Florida Department of Airports (the Department) as of September 30, 2025, and the related statements revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Department failed to comply with the terms, covenants, provisions or conditions of Section 710 of the Palm Beach County Airport System Revenue Bond Resolution R-84-427, adopted April 3, 1984, which was amended in full by the Palm Beach County Airport System Revenue Bond Resolution R-84-1659 adopted on November 1, 1984 (as amended and supplemented), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Department's noncompliance with the above-references terms, covenants, provisions or conditions referenced Bond Resolutions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of County Commissioners of Palm Beach County, Florida, and management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
April 17, 2026

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) , the financial statements of Palm Beach County, Florida Department of Airports (the Department), a major enterprise fund of Palm Beach County, Florida (the County), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Department's financial statements, and have issued our report thereon dated April 17, 2026. Our report includes emphasis of matter paragraphs to indicate the financial statements represent only the Department of the County, and for the implementation of GASB Statement No. 101, *Compensated Absences*.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2025-001 and 2025-002, that we considered to be material weaknesses.

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IC 2025-001– Classification of Completed Projects and Related Depreciation Expense (Material Weakness)

Criteria: Generally Accepted Accounting Principles (GAAP) for state and local governments require that capital assets be capitalized and depreciated when placed into service.

- Under GASB Statement No. 34, enterprise funds report capital assets using the economic resources measurement focus and accrual basis of accounting. Construction in progress is reported as a capital asset and recorded at historical cost as construction costs are incurred. Construction in progress is not depreciated. Upon completion and when the asset is placed into service, the construction in progress balance is reclassified to the appropriate capital asset category, and depreciation begins over the estimated useful life of the asset.

Condition: The Department did not timely reclassify certain completed capital projects from Construction in Progress (CIP) to the appropriate capital asset categories when the assets were placed in service. As a result, depreciation expense related to those completed assets was not recorded beginning in the period the assets were available for use.

Cause: Due to miscommunication between the planning and development and finance departments, the Department did not have adequate controls or monitoring procedures in place to identify when construction projects were substantially complete and placed into service for purposes of ensuring the timely calculation of depreciation. As a result, capital asset records were not timely updated, and depreciation calculations were not initiated.

Effect or Potential Effect: Failure to reclassify completed projects and record depreciation resulted in:

- Overstatement of CIP and understatement of depreciable capital assets including buildings and improvements other than buildings of approximately $39,788,000.
- Understatement of accumulated depreciation and depreciation expense by approximately $3,305,000. These misstatements could impact the accuracy of the Department's statement of net position and statement of revenues, expenses, and changes in net position.

Although the Department did not timely reclassify certain completed projects or initiate depreciation, the identified misstatements did not affect compliance with debt covenants in the prior, current, or future years. The issue was identified and corrected in the current year's financial statements as a revision to the opening balances as of October 1, 2023 and a revision of the amounts of transfers presented in the fiscal year 2024 and 2025 rollforward tables. As of September 30, 2025 the related balances were properly reported as of year-end; however, the issue represents a potential future risk if similar delays were to occur in subsequent periods, including affecting the accuracy of the statement of net position and the statement of revenues, expenses and changes in net position in future reporting periods if not addressed.

Recommendation: We recommend that management implement formal procedures to:

1. Periodically review CIP balances to identify projects that have been placed into service.
2. Timely reclassify completed projects from CIP to depreciable capital asset categories.
3. Begin recording depreciation in the period the asset is placed into service, in accordance with GAAP.
4. Document review and approval of capital asset reclassifications and depreciation calculations.

Views of Responsible Officials: Management concurs with the finding and acknowledges that certain capital projects were not reclassified from Construction in Progress to the appropriate capital asset categories when the assets were placed into service, which delayed the initiation of depreciation. Upon identification of the issue, the Department reviewed the affected projects and corrected all related balances in the current year's financial statements. No restatement of the prior year's financial statements was required. Management will implement procedures to ensure the correct transfer from Construction in Progress (CIP) to the appropriate capital asset categories to ensure the recording of related depreciation.

IC 2025-002 –Net Investment in Capital Assets Classification (Material Weakness)

Criteria: Management is responsible for preparing financial statements that comply with accounting principles generally accepted in the United State of America (U.S. GAAP). Net position transactions and events should be recorded in the proper accounts and categories and in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

Condition and effect: Management classified unspent bond proceeds of $103 million intended for capital projects as part of their restricted debt service category rather than include it as an offset to bonds payable in their net investment in capital assets calculation. The classification error did not impact the Department's total net position as a whole; however, the proper presentation within the applicable line items should be followed in accordance with U.S. GAAP. Management corrected the classification in the current year's financial statements, resulting in an increase to net investment in capital assets and a corresponding decrease to restricted net position.

Cause: Unspent bond proceeds related to capital borrowings were not properly included as an offset to total bonds payable in the net investment in capital calculation as of year-end.

Recommendation: We recommend that the Department update their calculation schedule to ensure that any unspent debt proceeds are properly identified and included in the net investment in capital calculation.

Views of Responsible Officials: Management concurs with the finding. Upon identification of the issue, the Department reviewed the applicable balances and corrected the classification in the current year's financial statements. While the classification error did not affect the Department's total equity position or overall financial position, Management is enhancing the Department's financial reporting review procedures, including strengthened review of bond proceeds classifications.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's responses to the findings identified in our audit and described previously. The Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
April 17, 2026